

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2017**

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**SCHOOL OFFICIALS**

**JUNE 30, 2017**

Board Chair

Tom Norton, Jr.  
Madras, Oregon

Board Members

Laurie Danzuka  
Vice Chair  
Warm Springs, Oregon

Lyle Rehwinkel  
Madras, Oregon

Board Members

Stan Sullivan  
Madras, Oregon

Courtney Snead  
Madras, Oregon

School Superintendent

Rick Molitor  
Madras, Oregon

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**ANNUAL FINANCIAL REPORT**

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**INDEPENDENT AUDITORS' REPORT**



Board of Directors  
School District 509J  
Jefferson County, Oregon

## **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of the governmental activities and each major fund of School District No. 509J, Jefferson County, Oregon (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The prior year comparative information has been derived from the District's financial statements and, in our report dated October 11, 2016, we expressed opinions on the respective financial statements of the governmental activities and major funds.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Funding Progress, the Budgetary Comparison Schedules – General and Special Revenue Fund, the Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Contributions as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to Management's Discussion and Analysis, the Schedule of Funding Progress, the Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Contributions in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Budgetary Comparison Schedules – General and Special Revenue Fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules – General and Special Revenue Fund, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Supplementary Information as listed in the table of contents and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information and the Schedule of Expenditures of Federal Awards, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Financial Schedules and Supplemental Information Required by Oregon Department of Education, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with Government Auditing Standards, we have also issued our report dated October 3, 2017 on our consideration of the District's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 3, 2017, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Brenda Bartlett, CPA  
SGA Certified Public Accountants and Consultants, LLP  
Bend, Oregon

October 3, 2017



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2017**

As management of Jefferson County School District 509J, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the balance of information presented in this report.

**FINANCIAL HIGHLIGHTS**

- In the government-wide statements, the liabilities of the District exceeded its assets at June 30, 2017 by \$3,024,785. Of this amount, \$14,238,219 represents the District's investment in capital assets net of debt service, \$218,793 is restricted for debt service, and \$98,245 is restricted with donor requirements leaving a deficit of \$17,580,042 in unrestricted net position.
- The District's total net position decreased by \$1,370,886 from prior year ended June 30, 2016, primarily attributed to the increase in the District's unfunded PERS pension liability.
- The District's governmental funds reported combined ending fund balance of \$12,210,090 of which \$3,538,388 is unassigned and available for spending at the District's discretion (page 14).
- At the end of the fiscal year, unassigned fund balance for the general fund on a budget basis was \$3,538,388, or about 11% of total general fund expenditures and transfers (page 14, 16).
- The District's total bonded debt decreased by \$1,755,448 during the 2016-17 fiscal year. The decrease was attributed to the payment of long term debt obligations and amortization of bond premium.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements include:

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2017**

*The Statement of Net Position.* The statement of net position presents information on all of the assets and liabilities of the District at year end. Net Position is what remains after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

*The Statement of Activities.* The statement of activities presents information showing how the net position of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Examples are uncollected property taxes and earned but unused vacation leave.

In the government-wide financial statements the District's activities are shown in one category:

- *Governmental activities.* Most of the District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon State School Fund and other intergovernmental revenues.

The government-wide financial statements can be found on pages 12 and 13 of this report.

**Fund financial statements.** The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2017**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance are reconciled to the government-wide Statements of Net Position and Activities.

The District maintains 42 individual governmental funds for administrative purposes. These funds are combined into the following major funds:

- General Fund - includes various sub-funds.
- Special Revenue Fund – includes special revenue funds related to federal, state and local grants, food service and student activities.
- Debt Service Fund - includes General Obligation Bonds and Oregon School Boards Association (OSBA) State of Oregon Public Employees Retirement System (PERS) Bonds

**Notes to the basic financial statements.** These notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on page 18 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's compliance with the Oregon Minimum Standards for Audits of Oregon Municipal Corporations. The supplementary information is included in this report.

Oregon Department of Education requires certain schedules which are listed in the table of contents.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Position.** The following table reflects the condensed Statement of Net Position compared to the prior year.

	June 30,	
	2017	2016
Assets		
Current and other assets	\$ 15,159,792	\$ 14,641,887
Capital assets (net)	48,198,609	49,692,520
Total assets	63,358,401	64,334,407
Deferred Outflows	15,857,218	2,615,541
Liabilities		
Other liabilities	5,532,979	3,535,241
Long-term liabilities	75,120,436	61,477,995
Total liabilities	80,653,415	65,013,236
Deferred Inflows	1,586,989	3,590,611
Net Position		
Investment in capital assets, net of related debt	14,238,219	14,228,794
Restricted	317,038	548,440
Unrestricted	(17,580,042)	(16,431,133)
Total net position	\$ (3,024,785)	\$ (1,653,899)

Capital assets, which consist of the District's land, buildings, building improvement, vehicles, and equipment, represent 76.1% of total assets. The remaining assets consist primarily of cash, investments, and receivables.

The District's largest liabilities (54.6%) are for repayment of general obligation bonds and pension bonds and PERS liability (38.9%).

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2017**

A large portion of the District's net position reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students and other District residents. Consequently, these assets are not available for future spending.

Resources needed to repay general obligation debt must be provided from property taxes since the capital assets cannot be used to liquidate the general obligation liabilities.

**Statement of Activities.** The following schedule compares the revenues and expenditures for the current and previous year.

	Governmental Activities	
	2017	2016
<b>REVENUES</b>		
Program revenues		
Charges for services	\$ 949,505	\$ 1,036,445
Operating grants and contributions	6,150,640	5,785,923
Total program revenues	7,100,145	6,822,368
General revenues		
Property taxes levied for general purposes	4,183,908	4,081,879
Property taxes levied for debt service	2,341,509	2,309,096
County School Fund	65,786	49,453
State school fund general support	25,149,416	22,800,695
Common school fund	306,695	299,102
Unrestricted federal sources	2,834,071	2,474,682
Sale of capital assets		50,619
Earnings on investments	177,347	109,928
Miscellaneous	104,583	190,040
Total general revenues	35,163,315	32,365,494
Total revenues	\$ 42,263,460	\$ 39,187,862
<b>EXPENSES</b>		
Instruction	\$ 23,851,771	\$ 26,973,135
Support services	15,384,994	17,951,738
Community services	2,621,038	2,869,630
Facilities acquisition and construction		13,604
Interest on long-term debt	1,776,543	1,820,162
Total expenses	43,634,346	49,628,269
Change in net assets	(1,370,886)	(10,440,405)
Net position - beginning	(1,653,899)	8,786,506
Net position - ending	\$ (3,024,785)	\$ (1,653,899)

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2017**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted above, the District uses Fund accounting to ensure and demonstrate compliance with finance-related legal requirement.

**Governmental funds.** The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At June 30, 2017 the District's governmental funds reported combined ending fund balances of \$12,210,090. Approximately \$3,538,388 constitutes unassigned ending fund balance, which is available for spending at the District's discretion.

Summary of ending fund balances for the governmental funds for 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>	<u>Change</u>
General Fund	\$ 11,596,638	\$ 10,312,249	\$ 1,284,389
Special Revenue Fund	394,659	307,168	87,491
Debt Service Fund	<u>218,793</u>	<u>493,083</u>	<u>(274,290)</u>
	<u>\$ 12,210,090</u>	<u>\$ 11,112,500</u>	<u>\$ 1,097,590</u>

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The School Board approved changes to the adopted budget for fiscal year ended June 30, 2017. The approved changes to the adopted budget are reflected in the fund financial statements. The budget is adopted by the Board at the functional level.

The final budget for General Fund expenditures exceeded actual expenditures by \$1,779,665 of which \$919,510 is for instruction, \$563,371 is for support and community services and \$196,784 is for building acquisition and construction.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2017**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment. During the year the District's net investment in capital assets decreased by \$1,493,911. The decrease is attributed to depreciation expense. The summary of net investment in capital assets is as follows:

	Net Value	
	2017	2016
Land	\$ 2,604,701	\$ 2,604,701
Construction in progress	19,117	19,117
Buildings and improvements	43,725,859	45,492,036
Vehicles and equipment	1,848,932	1,576,666
Total capital assets	<u>\$ 48,198,609</u>	<u>\$ 49,692,520</u>

Additional information on the District's capital assets can be found in the footnotes to the basic financial statements.

**Long-term liabilities.** At the end of the fiscal year the District had \$75,120,436 in long-term liabilities, consisting of \$42,190,601 of long-term debt for the construction of a K-8 school in Warm Springs, the construction of the performing arts center and improvements to various District properties and pension obligation bonds to satisfy unfunded liability for employee retirement obligations, PERS net pension liability of \$31,406,929, compensated absences of \$96,030 and post-employment benefits of \$1,426,876.

Additional information on the District's long-term debt can be found in the footnotes to the basic financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

- The most significant economic factor for the District is the Oregon State School Fund. For the year ended June 30, 2017 the State School Fund provided 57.6% of the revenue for the governmental funds and 72.5% of the funding for the general fund.
- Salaries and benefits costs are expected to increase in fiscal year 2017-2018 based on contractual obligations. PERS employer contribution rates, effective July 1, 2017 will increase from 13.99% to 18.64% and from 9.30% to 13.46% for Tier I/II members and OPSRP members, respectively.
- The District's enrollment is expected to see a slight increase in enrollment over fiscal year 2016-2017.



**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2017**

- The District received a four-year Indian Demonstration grant beginning fiscal year 2016-2017. The grant will provide over \$1,000,000 in funding for the period.

All of these factors were considered by the District Board and Budget Committee in preparing the Jefferson County School District 509-J budget for the 2017-2018 fiscal year.

**REQUESTS FOR INFORMATION**

This financial report is designed to present the user with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Chief Financial Officer at 445 S.E. Buff Street, Madras, Oregon 97741.

## **BASIC FINANCIAL STATEMENTS**

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**STATEMENT OF NET POSITION**

**JUNE 30, 2017**

	2017	2016
<b>ASSETS</b>		
Cash and investments	\$ 12,926,595	\$ 13,116,633
Receivables	2,209,192	1,494,931
Inventory	24,005	30,323
Capital assets, net of accumulated depreciation		
Land	2,604,701	2,604,701
Construction in progress	19,117	19,117
Buildings and improvements	43,725,859	45,492,036
Vehicles and equipment	1,848,932	1,576,666
<b>TOTAL ASSETS</b>	<b>63,358,401</b>	<b>64,334,407</b>
<b>DEFERRED OUTFLOWS</b>		
Pension Related	15,857,218	2,615,541
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>15,857,218</b>	<b>2,615,541</b>
<b>LIABILITIES</b>		
Accounts payable	510,503	376,395
Accrued salaries and benefits	1,948,762	1,811,512
Accrued interest payable	1,149,950	1,345,006
Deposits	27,328	2,328
Noncurrent liabilities due within one year		
State school fund overpayment		991,215
Early retirement benefits payable	60,136	72,358
Bonds payable	1,836,300	1,755,448
Noncurrent liabilities due within more than one year		
State school fund overpayment		305,696
Early retirement benefits payable	121,267	152,038
Accrued compensated absences payable	96,030	92,333
Other postemployment benefit obligation	1,305,609	1,316,516
Bonds payable, net of unamortized premium/discount	42,190,601	44,026,901
Net pension liability	31,406,929	12,765,490
<b>TOTAL LIABILITIES</b>	<b>80,653,415</b>	<b>65,013,236</b>
<b>DEFERRED INFLOWS</b>		
Debt refunding proceeds	12,383	15,478
Pension related	1,435,214	3,547,480
Unearned revenue	139,392	27,653
<b>TOTAL DEFERRED INFLOWS</b>	<b>1,586,989</b>	<b>3,590,611</b>
<b>NET POSITION</b>		
Net investment in capital assets	14,238,219	14,228,794
Restricted for:		
Debt service	218,793	493,083
Federal and state grants	98,245	55,357
Unrestricted	(17,580,042)	(16,431,133)
<b>TOTAL NET POSITION</b>	<b>\$ (3,024,785)</b>	<b>\$ (1,653,899)</b>

See notes to financial statements

**SCHOOL DISTRICT 509J**  
**Jefferson County, Oregon**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2017**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
				2017	2016
<b>Governmental activities:</b>					
<b>Instruction</b>					
Regular programs	\$ 16,358,725	\$ 524,771	\$ 311,788	\$ (15,522,166)	\$ (19,321,466)
Special programs	7,422,381		1,829,820	(5,592,561)	(5,378,901)
Summer school programs	70,665		35,049	(35,616)	(3,844)
Total direct classroom services	<u>23,851,771</u>	<u>524,771</u>	<u>2,176,657</u>	<u>(21,150,343)</u>	<u>(24,704,211)</u>
<b>Support Services</b>					
Student support services	2,192,788	71,122	675,159	(1,446,507)	(1,847,895)
Instructional staff support	1,717,205		764,070	(953,135)	(1,431,283)
General administration	574,499			(574,499)	(634,662)
School administration	2,863,299		79,129	(2,784,170)	(3,245,197)
Business support services	6,778,478	168,529	97,497	(6,512,452)	(7,197,097)
Central activities	1,228,592	135,518	99,583	(993,491)	(1,127,429)
Supplemental retirement program	30,133			(30,133)	(33,033)
Total support services	<u>15,384,994</u>	<u>375,169</u>	<u>1,715,438</u>	<u>(13,294,387)</u>	<u>(15,516,596)</u>
<b>Enterprise and Community Services</b>					
Food service	2,280,555	17,506	2,080,917	(182,132)	(528,551)
Community services	261,465		169,961	(91,504)	(146,060)
Children and family services	79,018	32,059	7,667	(39,292)	(76,715)
Total enterprise and community services	<u>2,621,038</u>	<u>49,565</u>	<u>2,258,545</u>	<u>(312,928)</u>	<u>(751,326)</u>
<b>Facilities Acquisition and Construction</b>					
Building construction planning					(13,604)
<b>Interest on long-term debt</b>					
	<u>1,776,543</u>			<u>(1,776,543)</u>	<u>(1,820,162)</u>
<b>Total governmental activities</b>	<u>\$ 43,634,346</u>	<u>\$ 949,505</u>	<u>\$ 6,150,640</u>	<u>(36,534,201)</u>	<u>(42,805,899)</u>
<b>General revenues:</b>					
Property taxes levied for general purposes				4,183,908	4,081,879
Property taxes levied for debt service				2,341,509	2,309,096
County school fund				65,786	49,453
State school fund - general support				25,149,416	22,800,695
Schools and Roads - grants to counties					97,895
Common school fund				306,695	299,102
Impact Aid				2,834,071	2,376,787
Gain (loss) on sale of capital assets					50,619
Earnings on investments				177,347	109,928
Miscellaneous				104,583	190,040
<b>Total general revenues</b>				<u>35,163,315</u>	<u>32,365,494</u>
<b>CHANGE IN NET POSITION</b>				(1,370,886)	(10,440,405)
Net Position - beginning				(1,653,899)	8,786,506
Net Position - ending				<u>\$ (3,024,785)</u>	<u>\$ (1,653,899)</u>

See notes to financial statements

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

**JUNE 30, 2017 AND SUMMARIZED INFORMATION FOR JUNE 30, 2016**

<u>ASSETS</u>	General	Special Revenues	Debt Service	Totals	
				2017	2016
Cash and investments	\$ 12,258,752	\$ 467,126	\$ 200,717	\$ 12,926,595	\$ 13,116,634
Receivables					
Property taxes	209,710		122,008	331,718	387,727
Other	749,909			749,909	241,460
Reimbursement claims		1,127,565		1,127,565	865,745
Due from other funds	500,133			500,133	529,714
Prepaid expenditures					
Inventory		24,005		24,005	30,323
<b>Total assets</b>	<b>\$ 13,718,504</b>	<b>\$ 1,618,697</b>	<b>\$ 322,725</b>	<b>\$ 15,659,926</b>	<b>\$ 15,171,603</b>
<u>LIABILITIES</u>					
Liabilities					
Accounts payable	\$ 398,599	\$ 111,904	\$	\$ 510,503	\$ 376,396
Accrued payroll liability	1,471,698	477,064		1,948,762	1,811,512
State school fund overpayment					991,215
Deposits	26,125	1,203		27,328	2,328
Due to other funds		500,133		500,133	529,714
<b>Total liabilities</b>	<b>1,896,422</b>	<b>1,090,304</b>		<b>2,986,726</b>	<b>3,711,165</b>
<u>DEFERRED INFLOWS</u>					
Unavailable property taxes	180,423		103,932	284,355	320,285
Unearned revenue	45,021	133,734		178,755	27,653
<b>Total deferred inflows</b>	<b>225,444</b>	<b>133,734</b>	<b>103,932</b>	<b>463,110</b>	<b>347,938</b>
<u>FUND BALANCES</u>					
Fund balances					
Nonspendable:					
Inventory		24,005		24,005	30,323
Restricted for:					
Debt service			218,793	218,793	493,083
Federal programs		95,757		95,757	52,406
State and local grants and donations		2,488		2,488	725
Committed to:					
Bus replacement	1,115,968			1,115,968	972,653
Equipment replacement	470,605			470,605	426,132
Employee wellness	19,534			19,534	14,534
Maintenance projects	1,027,475			1,027,475	869,584
Performing arts center fund	30,585			30,585	9,000
PERS bond reserve	1,010,000			1,010,000	667,812
Student activities		212,875		212,875	194,277
Technology replacement fund	293,631			293,631	150,395
Textbook replacement plan fund	762,941			762,941	700,192
Warm Springs housing	75,269			75,269	68,004
Warm Springs facility	426,334			426,334	426,334
Assigned for:					
Appropriated ending fund balance	2,825,908			2,825,908	3,166,757
Onsite child care		59,534		59,534	56,809
Unassigned	3,538,388			3,538,388	2,813,480
<b>Total fund balances</b>	<b>11,596,638</b>	<b>394,659</b>	<b>218,793</b>	<b>12,210,090</b>	<b>11,112,500</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 13,718,504</b>	<b>\$ 1,618,697</b>	<b>\$ 322,725</b>	<b>\$ 15,659,926</b>	<b>\$ 15,171,603</b>

See notes to financial statements

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**RECONCILIATION OF GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO STATEMENT OF NET POSITION**

**JUNE 30, 2017**

<b>TOTAL FUND BALANCES (Page 13)</b>		\$ 12,210,090
<p>Capital assets are not financial resources and therefore are not reported in the governmental funds:</p>		
Capital assets	\$ 75,194,467	
Construction in progress	19,117	
Accumulated depreciation	<u>(27,014,975)</u>	48,198,609
<p>A portion of the District's revenues are collected after year-end, but are not available soon enough to pay for the current years' operations, and therefore are not reported as revenue in the governmental funds:</p>		
Property taxes		284,354
Anticipated increase in state school fund		39,363
<p>Net pension liability is not a financial resource and therefore is not reported in the governmental funds.</p>		
		(31,406,929)
<p>Deferred inflows and outflows of resources do not provide or use current financial resources and therefore are not included in the governmental funds:</p>		
Pension contributions made after measurement date	1,915,106	
Debt refunding proceeds	(12,383)	
Differences between expected and actual experience	1,039,078	
Net difference between projected and actual earnings on investment	6,204,691	
Changes in actuarial assumptions and other items related to pensions	<u>5,263,129</u>	14,409,621
<p>Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. These liabilities consisted of:</p>		
Accrued interest payable	(1,149,950)	
Bonds payable	(41,208,890)	
Unamortized portion of bond issuance premium	(2,818,011)	
Compensated absences payable	(96,030)	
Early retirement benefits payable	(181,403)	
Other postemployment benefits obligation	<u>(1,305,609)</u>	<u>(46,759,893)</u>
<b>TOTAL NET POSITION (Page 12)</b>		<u>\$ (3,024,785)</u>

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**

**YEAR ENDED JUNE 30, 2017 AND SUMMARIZED INFORMATION FOR JUNE 30, 2016**

	General	Special Revenue	Debt Service	Totals	
				2017	2016
<u>Revenues</u>					
Local Sources					
Property taxes	\$ 4,202,015		\$ 2,359,331	\$ 6,561,346	\$ 6,463,603
Investment earnings	160,413		16,934	177,347	109,928
Admissions	13,212			13,212	20,312
PERS bond assessment	1,082,700			1,082,700	1,032,707
Miscellaneous	551,443	600,801		1,152,244	1,268,673
Intermediate sources					
County school fund	65,786			65,786	49,452
Grants	76,407	10,745		87,152	89,957
State sources					
State school fund	24,788,938	15,419		24,804,357	22,140,695
Common school fund	306,695			306,695	299,101
Grants	5,558	504,228		509,786	135,789
Federal sources	2,917,574	5,353,831		8,271,405	7,972,360
Total revenues	<u>34,170,741</u>	<u>6,485,024</u>	<u>2,376,265</u>	<u>43,032,030</u>	<u>39,582,577</u>
<u>Expenditures</u>					
Current					
Instruction	18,191,366	2,470,489		20,661,855	19,353,670
Support services	12,857,920	1,588,039		14,445,959	14,420,458
Enterprise and community services	87,164	2,422,906		2,510,070	2,410,157
Building acquisition and construction	23,516			23,516	211,562
Capital outlay	464,162	98,734		562,896	482,485
Debt service					
Principal			1,504,343	1,504,343	1,411,500
Interest			2,225,801	2,225,801	2,201,849
Total expenditures	<u>31,624,128</u>	<u>6,580,168</u>	<u>3,730,144</u>	<u>41,934,440</u>	<u>40,491,681</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,546,613</u>	<u>(95,144)</u>	<u>(1,353,879)</u>	<u>1,097,590</u>	<u>(909,104)</u>
<u>Other financing sources (uses)</u>					
Operating transfers in		182,635	1,079,589	1,262,224	1,289,098
Operating transfers out	(1,262,224)			(1,262,224)	(1,289,098)
Bond Proceeds					
Premium on bond proceeds					
Gain on sale of capital assets					60,169
Total other financing sources and (uses)	<u>(1,262,224)</u>	<u>182,635</u>	<u>1,079,589</u>	<u>60,169</u>	<u>60,169</u>
Net change in fund balances	1,284,389	87,491	(274,290)	1,097,590	(848,935)
Fund balances - beginning of year	10,312,249	307,168	493,083	11,112,500	11,961,435
Fund balances - end of year	<u>\$ 11,596,638</u>	<u>\$ 394,659</u>	<u>\$ 218,793</u>	<u>\$ 12,210,090</u>	<u>\$ 11,112,500</u>

See notes to financial statements

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2017**

<b>NET CHANGE IN FUND BALANCES (Page 16)</b>		\$ 1,097,590
Amounts reported for governmental activities in the <i>Statement of Activities</i> are different because:		
Governmental funds report revenue when available and measurable. In the Statement of Activities it is not required that revenues be collected in time to settle current liabilities. Following are revenues recorded differently in government funds than are reported in the Statement of Activities:		
Adjustment to state school fund		345,061
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year.		
Expenditures for capital assets and construction in progress	586,412	
Less current year depreciation	<u>(2,085,324)</u>	(1,498,912)
Governmental funds do not report donations of fixed assets. However, in the Statement of Activities donated capital assets are recorded at estimated fair market value at the date of donation		
		5,000
Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Assets, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the in the liability Statement of Net Assets. This is the amount by which repayments exceeded proceeds:		
Debt principal repaid		<u>1,504,343</u>
Early retirement benefits, compensated absences and other postemployment benefits are recognized as expenditures in the governmental funds when they are paid. In the Statement of Activities they are recognized as an expenditure when incurred.		
Early retirement benefits	42,993	
Accrued compensated absences	(3,697)	
Other postemployment benefits	10,907	
Net Pension Expense	<u>(3,287,496)</u>	(3,237,293)
Governmental funds report the effect of issuance costs, premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences:		
Amortization of premium/(discount)	251,105	
Amortization of debt refunding	<u>3,095</u>	254,200
In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an expense when due.		
		195,056
Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.		
		<u>(35,931)</u>
<b>CHANGE IN NET POSITION (Page 13)</b>		<u><u>\$ (1,370,886)</u></u>



**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Jefferson County School District No. 509J (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting financial reporting principles. The District's significant accounting policies are described below.

**Reporting Entity**

Jefferson County School District No. 509J (District), a political subdivision of the State of Oregon, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 in 1962, and provides education services to children from grades K - 12 located in Madras and surrounding areas including Metolius, the Warm Springs Indian Reservation and Big Muddy Ranch. The District has two high schools, one middle school, two K-8 schools and three elementary schools with an approximate total enrollment of 3,000 students. The District is governed by a separately elected five-member Board of Directors who approve administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the financial statements.

The accompanying financial statements present the governmental unit, Jefferson County School District No. 509J, Jefferson County, Oregon. The District qualifies as a primary government because it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and service districts which provide service within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these financial statements.

**Government-wide and Fund Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District. Governmental activities are financed primarily through property taxes and intergovernmental revenues. The District has neither business-type activities nor fiduciary-type activities.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

The Statement of Activities presents a comparison between direct expenses and the program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double-counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to students or others for tuition, fees, rental, material, supplies or services provided, (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Net position is reported as restricted when constraints placed on net position use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions. The government-wide statement of net position reports \$317,038 of restricted net position, of which \$218,793 is restricted by enabling legislation.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funds available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year end. Property taxes and interest are considered to be susceptible to accrual. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded as expenditures only to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt or capital leases are reported as other financing sources.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. The fund accounts for all financial resources of the District, except those required to be accounted for in another fund. Principal revenue sources are property taxes and state school support.

The Special Revenue Fund accounts for revenues derived from federal, state and local grants and student activity funds which are restricted, committed or assigned for various grants, student activities and programs.

The Debt Service Fund provides for the payment of principal and interest on general obligation bonds and limited tax pension obligation bonds. Principal resources are property taxes and transfers from the General Fund.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition and monies invested with the Oregon State Treasurer's Local Government Investment Pool (LGIP). Short-term investments are stated at cost which approximates fair value.

State statutes authorize the District to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, commercial paper and the LGIP, among others.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

The District's investments include the LGIP, including LGIP balances held with the County Treasurer. Investments are stated at cost which approximates fair value of the pool shares.

The Oregon State Treasury administers the LGIP. The pool is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

Property taxes are assessed on a July 1 - June 30 fiscal year. The taxes are levied and become a lien on July 1. Collection dates are November 15, February 15 and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. The County Assessor is the tax collection agent for all taxing entities within the County.

Tax revenue is considered received when in the hands of the county as the intermediary collecting agency. Taxes not paid timely are subject to interest penalties and the applicable property is subject to lien, thus no allowance for uncollectible property taxes is considered necessary. All property taxes receivable are due from property owners within the District.

Accounts and other receivables are comprised primarily of claims for reimbursement of costs under various federal and state grants. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures and those not received within the availability period for modified accrual are recorded as deferred inflows.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Inventories**

Inventory is stated at cost using the first-in/first-out (FIFO) method except USDA commodities which are stated at fair market value. The cost of inventory is recorded as an expenditure when consumed rather than when purchased.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide statements. For governmental fund statement purposes, the District uses the purchase method accounting, where the expenditure is recorded when expended, rather than when services are provided.

**Capital Assets**

Capital assets, which include property, buildings and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost greater than \$5,000 and an estimated useful life exceeding one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital leases are recorded at their inception as expenditures and other financing sources in the governmental funds and as assets and liabilities on the Statement of Net Position. They are recorded at the present value of the minimum lease payments, using the interest rates stated or implicit in the leases. Lease payments are recorded as expenditures on the due date; the portion of the payments applicable to principal, determined by using interest rates stated or implicit in the leases, is reported as a reduction of the lease liability on the Statement of Net Position.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, buildings and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	10 to 50 years
Equipment	5 to 30 years

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Compensated Absences**

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since sick pay does not vest. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Retirement Plans**

Substantially all of the District's employees are participants in Oregon PERS. For governmental funds, contributions to Oregon PERS are made on a current basis as required by the plan and are charged to expenses/expenditures. Government-wide statements report the District's estimated proportionate share of the overall unfunded system liability, which is more fully described in Note 11.

The Board adopted a tax-deferred annuity plan established pursuant to Section 403(b) of the Internal Revenue Code. The plan allows the employer to make employer matching contributions. Under the terms of union employment agreements, the District is required to make a maximum monthly matching contribution not to exceed \$10 per month for all participating employees except certified employees eligible for the early retirement benefit described below. Participating employees have the option to make an unmatched contribution in excess of \$10 per month. Total pension expense recognized for the Section 403(b) plan was \$35,020.

**Early Retirement Benefits**

An early retirement plan is available to employees who meet guidelines of a plan adopted by the Board. Employees are eligible to apply for participation in the plan if they are 55 years of age or over and have been employed ten consecutive years with this District. In the case of certified employees, a total of 15 years of employment in a certified position in the Oregon public education system is required of which ten consecutive years are with the District.

Employees who apply and are approved by the Board receive, after they retire, 18% of the average of the highest three of the last five years annual earnings with the benefit not to exceed the computed amount times four years. Employees do not contribute to this plan. The Board may close the program at their discretion, eliminating additional participation and limiting the District's liability to those already participating in the program. Employees accrue no vested benefits prior to their acceptance in the program.

The program is limited to those employees who were hired prior to December 31, 1994.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

The District's liability is funded on a pay-as-you-go basis. These benefits are in addition to benefits which may become available under the pension plan administered under the State of Oregon Public Employees Retirement System.

In the government-wide statements, a liability for the estimated present value of the future outflows has been reported.

**Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, bond premiums and discounts are recognized when incurred and not deferred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**Fund Equity**

The District reports fund balance in accordance with GASB No 54, Fund Balance Reporting and Governmental Fund Type Definitions. As a result in the fund financial statements, governmental funds are categorized by the nature of the resources within the fund. The District reports fund balance using the following categories:

Nonspendable fund balance indicates the portion of fund equity that cannot be spent as it is not in a spendable form, such as inventories and prepaid expenditures.

Restricted fund balance indicates the portion of fund equity which is externally restricted by creditors, grantors or law.

Committed fund balance indicates the portion of fund equity which the board of directors has placed formal constraints on through resolution or board policy.

Assigned fund balance indicates the portion of fund equity which the District intends to use for specific purposes imposed by management. The authority for the Superintendent to assign resource for specific purposes is granted by the board of directors.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Unassigned fund balance indicates the portion of general fund equity which is available for budgeting in future periods.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. For the classification of unrestricted ending fund balance, the District first reduces committed and assigned amounts, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those classifications could be used.

**Use of Estimates**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Budget**

Annual budgets, as required by state statutes, are adopted on the modified accrual method of accounting, a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds.

The budget is prepared by fund and function. The budget document includes information on the past two years, current year budget and actual to date information, as well as requested appropriation and estimated revenues for the ensuing fiscal year.

The proposed budget is presented by the budget officer to the budget committee. Public meetings are held by the budget committee. The budget committee may make changes to the original document. The budget committee approves the budget document to be submitted to the governing body of the district. Once the budget document is received by the governing body, they hold a public hearing on a date as published. After the public hearing, the governing body gives consideration to matters discussed and makes amendments to the budget document prior to adoption. However, state statutes do not allow the governing body to increase estimated expenditures for each fund by more than ten percent. The amount of the total ad valorem taxes to be certified by the county for levy for all funds shall not exceed the amount presented by the budget committee unless the budget document is republished and another public hearing is held.



**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

The governing body is then required by state statutes to adopt the budget, make appropriations, and certify the levy of ad valorem taxes for each fund. Except for the allowance of appropriation transfers, expenditures cannot exceed appropriations. The level of control for appropriations is exercised at the function level.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the governing body. All appropriations lapse at the end of the District's fiscal year.

**NOTE 2 – BUDGETARY ACCOUNT GROUPINGS**

The District has budgeted for administrative purposes, sub-fund account groupings within the General Fund. Intra-fund transfers among the sub-fund account groupings have been eliminated to properly present financial statement balances for the funds. The sub-funds have been employed to allow the administration flexibility in managing fiscal matters while complying with statutory requirements. The sub-fund account groupings used for administrative purposes are as follows:

**General Fund**

General Operations  
Bus Purchase  
Employee Wellness  
Equipment Replacement  
Maintenance Projects  
Performing Arts Center

PERS Reserve  
Technology Replacement  
Textbook Replacement  
Warm Springs Housing  
Warm Springs Facility

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 3 - CASH AND INVESTMENTS**

A reconciliation of cash and investments as shown on the financial statements for the District follows:

Petty Cash	\$ 700
Deposits with financial institutions	473,192
Investments	
LGIP	11,846,644
Jefferson and Wasco Counties Investment Pool	<u>606,059</u>
Total shown on Statement of Net Position	<u>\$ 12,926,595</u>

**Deposits**

At June 30, 2017 the District held cash of \$473,893 with a bank balance of \$890,273. Oregon Revised Statute Chapter 295 requires that bank depositories pledge collateral against any public fund deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank loss. The Office of the State Treasurer maintains a list of financial institutions in which deposits in excess of deposit insurance limits can be held. As of June 30, 2017 the District's cash balances exceeded FDIC insurance by \$640,273.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require that all bank deposits in excess of the FDIC or FSLIC insurance amounts be collateralized through the Oregon State Treasurer's Public Funds Collateralization Program. This program provides a structure for specified depositories to participate in a shared liability collateral pool.

Securities pledged by individual institutions may range from 10% to 110% of public fund deposits depending on the financial institution's level of capitalization as determined by its federal regulatory authority. The aggregate Oregon public fund collateral pledged at June 30, 2017, was \$1,981,568,609 for reported uninsured public funds of \$1,270,579,839. The custodian, Federal Home Loan Bank of Seattle, is the agent for the depository bank. The securities pledged are designated as subject to the Pledge Agreement between the depository bank, custodian bank and Office of the State Treasurer (OST) and are held for the benefit of OST on behalf of the public depositors. The District's funds were held by financial institutions that participated in the State Treasurer's program and were in compliance with statutory requirements.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 3 - CASH AND INVESTMENTS - continued**

**Investments**

As of June 30, 2017 the District held the following investments:

Investment Type	Fair Value	% of investment portfolio
Local Government Investment Pool	\$ 11,846,644	95.13%
Jefferson and Wasco Counties Investment Pool	606,059	4.87%
	\$ 12,452,703	100.00%

As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits investments as follows:

Investment Type	Maximum % of portfolio	Maximum length to maturity
US Treasury securities	100%	18 months
US Agency securities	100%	18 months
Banker's acceptance	25%	18 months
Repurchase agreements	25%	18 months
Certificates of deposit	25%	18 months
Local Government Investment Pool	100%	One day
State and local government securities	50%	18 months

Maturities over 18 months will be allowed following review and approval of the District's Investment Policy by the Oregon Short Term Funds Board.

Custodial credit risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the investments above are held in safekeeping by a financial institution counterparty.

The District's policy, which adheres to State of Oregon law, is to limit its investments to the following: Issuers within Oregon must be rated "A" or better by Standard and Poor's or Moody's Investors Service, issuers not in Oregon must be rated AA/Aa or better. Investments in the Local Government Investment Pool and the Jefferson and Wasco County Investment Pools are not required to be rated.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 3 - CASH AND INVESTMENTS – continued**

**Investments – External Investment Pools**

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the LGIP.

The LGIP is one of five asset classes approved for the investment of State of Oregon (State) funds. A number of local governments in Oregon as well as all State agencies participate in the LGIP, thus it is an external investment pool as defined in Statement No. 31 of the Government Accounting Standards Board, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by the Oregon Revised Statutes and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution.

Investments in the LGIP are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The LGIP was in compliance with all portfolio guidelines at June 30, 2017. The reported value of the LGIP approximates the fair value of the LGIP shares and is calculated on a daily basis.

In addition, the District voluntarily participates in an external investment pool through the Jefferson County Treasurer. The reported value of the pool approximates the fair value of the pool shares. The fund is not registered with the U.S. Securities and Exchange Commission as an investment company. The County's investment policies follow investment guidance of Oregon Revised Statutes (ORS 294.035 through 294.046) and more specifically provides that the Jefferson County Investment Pool shall be limited to:

- a. Legally issued obligations of the United States, the agencies and Instruments of the United States or enterprises sponsored by the United State government.
- b. Time deposit open accounts, certificates of deposit and savings accounts in banks, mutual savings banks and savings and loan associations which maintain a head office or branch in Oregon.
- c. Governmental repurchase agreements, fully collateralized, not to exceed 30 days.
- d. Bankers' acceptance that are guaranteed by an Oregon financial institution.
- e. LGIP.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 3 - CASH AND INVESTMENTS – continued**

**Fair Value Measurements**

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. The District has no investments that are measured using Level 1 or Level 3 inputs.

Fair value measurements of the District's investments are as follows as of June 30, 2017:

- Local Government Investment Pool valued at \$11,846,644. The LGIP states in their footnotes that their investments are measured based on the latest bid prices or evaluated quotes from independent pricing vendors (Level 2 inputs).
- Jefferson and Wasco Counties Investment Pools valued at \$606,059 based on the carrying value of the investment approximating fair value (Level 2 inputs).

**NOTE 4 – TAX COLLECTIONS**

The levy for general operations is based on a permanent rate of \$4.5871 per \$1,000 of taxable assessed value. The levy for debt service is based on voter approved measures and assessed values of property within the district.

The levy, as extended on the tax rolls, is summarized as follows:

	General Fund		
	Jefferson	Wasco	Total
Levy per notice of levy	\$ 4,312,325	\$ 103,588	\$4,415,913
Truncation gain (loss)	2,420		2,420
Compression loss	(139,725)	(3,396)	(143,121)
Levy as extended on tax rolls	\$ 4,175,020	\$ 100,192	\$4,275,212
	Debt Service Fund		
	Jefferson	Wasco	Total
Levy as extended on tax rolls	\$ 2,336,515	\$ 54,684	\$2,391,199

Unpaid property taxes become subject to foreclosure four years after they become a lien on the property. Tax collections and foreclosure are the responsibility of the county tax collector/assessor.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 5 - RECEIVABLES**

The reimbursement claims receivable in the special revenue fund represent balances due from state and federal governments for special program grants.

Receivables in the Statement of Net Position are comprised of the following as of June 30, 2017:

Property taxes	\$ 331,718
Grants	1,127,565
Other	<u>749,909</u>
	<u>\$2,209,192</u>

**NOTE 6 – INTERFUND RECEIVABLES AND PAYABLES**

The District uses common cash and cash investment accounts for the various funds. These pooled depository accounts may be over-drafted among the funds resulting in interfund receivables or payables. The General Fund reports the net receivables from other funds.

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 500,133	\$
Special Revenue Fund		500,133
	<u>\$ 500,133</u>	<u>\$ 500,133</u>

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets not being depreciated				
Land	\$ 2,604,701	\$	\$	\$ 2,604,701
Construction in progress	19,117			19,117
Total capital assets not being depreciated	<u>2,623,818</u>			<u>2,623,818</u>
Capital assets being depreciated				
Building and improvements	66,174,718	50,820		66,225,538
Vehicles and equipment	5,982,499	540,592	158,865	6,364,226
Total capital assets being depreciated	<u>72,157,217</u>	<u>591,412</u>	<u>158,865</u>	<u>72,589,764</u>
Less accumulated depreciation for				
Buildings and improvements	20,682,684	1,816,997		22,499,681
Vehicles and equipment	4,405,831	268,327	158,865	4,515,293
Total accumulated depreciation	<u>25,088,515</u>	<u>2,085,324</u>	<u>158,865</u>	<u>27,014,974</u>
Total capital assets being depreciated, net	<u>47,068,702</u>	<u>(1,493,912)</u>		<u>45,574,790</u>
Total capital assets, net	<u>\$49,692,520</u>	<u>\$ (1,493,912)</u>	<u>\$</u>	<u>\$48,198,609</u>

Depreciation expense for the year was charged to the following programs:

Instruction	\$ 1,894,292
Special programs	2,639
Business services	181,023
Enterprise and community services	7,370
	<u>\$ 2,085,324</u>

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 7 - CAPITAL ASSETS – continued**

**Operating Leases**

The District leases copy and postage machines under noncancelable operating leases. Total cost for the leases for the year ended June 30, 2017 was \$112,603. The future minimum lease payments for the machines are as follows:

Year Ending June 30,	Amount
2018	\$ 108,853
2019	48,817
2020	1,064
Total	\$ 158,734

**NOTE 8 - LONG-TERM LIABILITIES**

A summary of Long-term liability activity for the year ended is as follows. Additional detailed information is available on the following pages.

	Beginning Balance	Additions	Adjustments/ Payments	Ending Balance	Due in One Year
<b>Bonds Payable</b>					
General obligation bonds	\$ 32,325,000	\$	\$ 1,250,000	\$ 31,075,000	\$ 1,325,000
Limited tax pension obligation bonds	10,388,234		254,343	10,133,891	260,195
Unamortized premium/discount	3,069,116		251,105	2,818,011	251,105
	45,782,350		1,755,448	44,026,902	1,836,300
<b>Other Liabilities</b>					
Early retirement benefits	224,397	26,890	69,884	181,403	60,136
Other post employment benefits	1,316,516		10,907	1,305,609	
Accrued compensated absences	92,333	249,327	245,630	96,030	
State School Fund overpayment	1,296,911		1,296,911		
Total	\$ 48,712,507	\$ 276,217	\$ 3,378,780	\$ 45,609,944	\$ 1,896,436

**Bonds Payable**

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are general issued as 20-year serial bonds with equal amounts of principal maturing each year.



**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 8 - LONG-TERM LIABILITIES – continued**

General Obligation Bonds

On March 15, 2002, the District issued \$15,800,000 in general obligation bonds to finance additions, improvements, capital renovation and reconstruction at District school sites. On May 23, 2013 the outstanding par amount of \$9,780,000 was refunded with a true interest cost of 1.63% and an average coupon rate of 3.65%. The net proceeds after payment of underwriting fees and other issuance costs were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the May 15, 2002 general obligation bonds. As a result, the 2002 general obligation bonds are considered to be defeased and the escrowed assets and liability for the bonds have been removed from the government-wide financial statements.

The refunding reduced total debt service by \$1,642,027 and obtained an economic gain defined as the difference between the present values of the debt service payments on the old and new debt of 16.62%.

In May 2012 voters of the District passed a \$26,700,000 bond issue for improvements to school facilities in Madras and Metolius and to pay for half of the cost of constructing a K-8 school in Warm Springs. On May 23, 2013, the District issued \$24,835,000 in general obligation and refunding bonds (General Obligation and Refunding Bonds, Series 2013). Of this issue, \$15,960,000 was issued to finance the improvements to school facilities in Madras and Metolius. The remaining funds were used to refund the March 15, 2002 general obligation bonds.

On July 23, 2013, the District issued the remaining \$10,740,000 in general obligations bonds approved by voters in May 2012. The proceeds were used to fund half of the cost of constructing a new Warm Springs K-8 school, in a joint project with the Confederated Tribes of Warm Springs.

Limited Tax Pension Obligation Bonds

On October 31, 2002, the District participated in the OSBA Pension Bond Pool (Series 2002 OSBA Limited Tax Pension) to finance the District's estimated PERS unfunded liability. The District issued \$12,506,637 in debt as part of the pooled issuance. Except for the payment of its pension bond payments and additional charges when due, each school district has no obligation or liability to any other participating school district's pension bonds or liabilities to PERS.

Bond proceeds were paid to the Oregon Public Employees Retirement System. An intercept agreement with the State of Oregon was required as a condition of issuance; therefore a portion of State School Fund support is withheld on a monthly basis to repay debt.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 8 - LONG-TERM LIABILITIES - continued**

On January 31, 2012 the District participated with six other school districts to issue the OSBA Limited Tax Pension Refunding Obligations Series 2012 to advance refund the 2021 debt service obligation of the Series 2002 OSBA Limited Tax Pension Issuance. The District issued \$835,000 in debt as part of the \$22,000,000 pooled issuance. As a result, the 2021 portion of the Series 2002 OSBA Limited Tax Pension is considered to be defeased and the escrowed assets and the liability for bonds have been removed from the government-wide financial statements.

The following is a summary of long-debt transactions of governmental activity for the year ended June 30, 2017:

Type	Issue Date	Interest Rates	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Pension	October 31, 2002	2.06% to 6.1%	\$ 9,508,234	\$	\$ 254,343	\$ 9,253,891	\$ 260,195
Pension	January 31, 2012	2.75%	880,000			880,000	
General	May 23, 2013	1.25% to 5.0%	21,660,000		1,215,000	20,445,000	1,275,000
General	July 23, 2013	1.25% to 5.0%	10,665,000		35,000	10,630,000	50,000
		Total	<u>\$ 42,713,234</u>	<u>\$</u>	<u>\$ 1,504,343</u>	<u>\$ 41,208,891</u>	<u>\$ 1,585,195</u>

Bonds payable on the Statement of Net Position are presented as follows:

	Balance	Bond Premium/ Discount, net	Statement of Net Assets
Current	\$ 1,585,195	\$ 251,105	\$ 1,836,300
Noncurrent	39,623,696	2,566,906	42,190,602
Total Bonds Payable	<u>\$ 41,208,891</u>	<u>\$ 2,818,011</u>	<u>\$ 44,026,902</u>

Payments on the general obligation bonds are made by the Debt Service Fund from property taxes and earnings on investments. Payments on pension bonds are made by the Debt Service Fund from revenue from charges to other funds.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 8 - LONG-TERM LIABILITIES - continued**

Future bond maturities are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 1,585,195	\$ 2,264,068	\$ 3,849,263
2019	1,697,345	2,263,919	3,961,264
2020	1,821,351	2,260,813	4,082,164
2021	2,550,000	1,694,963	4,244,963
2022	2,740,000	1,603,963	4,343,963
2023-2027	15,175,000	5,988,660	21,163,660
2028-2032	12,730,000	2,426,919	15,156,919
2033-2038	2,910,000	134,256	3,044,256
	<u>\$ 41,208,891</u>	<u>\$ 18,637,561</u>	<u>\$ 59,846,452</u>

The District is subject to statutory limitations on indebtedness. Presently the District's net bonded debt is \$66,493,573 less than the statutory debt limit. No interest was capitalized during 2017.

**Other Post-Employment Benefits**

Special termination benefits have been made available to employees who meet guidelines of a plan adopted by the Board, as described in Note 1.

The liability is funded on a pay-as-you-go basis by the general fund. The liability is measured at the discounted present value of expected future benefit payments using a discount rate of 3.58%. These benefits are in addition to benefits which may become available under the pension plan administered under the Oregon PERS.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 8 - LONG-TERM LIABILITIES - continued**

Future maturities of termination benefits payable are as follows:

Year Ending June 30,	Amount
2018	\$ 60,136
2019	45,633
2020	21,891
2021	11,733
2022	11,327
Thereafter	30,683
	<b>\$ 181,403</b>

In prior years, the general fund has been used to liquidate long-term liabilities other than long-term debt.

**NOTE 9 – INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2017 are as follows:

	Transfer In	Transfer Out
General Fund	\$	\$ 1,262,224
Special Revenue Fund	182,635	
Debt Service Fund	1,079,589	
Total	\$ 1,262,224	\$ 1,262,224

The District made transfers from the General Fund to the Special Revenue Fund in recognition that expenditures in food service exceed revenue and to the Debt Service Fund for payment of principal and interest for the OSBA PERS bond issue.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS**

**Postemployment Healthcare Plan (implied rate subsidy)**

The District reports its liability for other postemployment benefits consistent with established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

**Plan Description**

The District sponsors a self-pay early retirement health insurance program for its retirees. The health insurance program is a post-employment benefit (OPEB) plan that allows eligible retirees and their dependents to purchase continuation coverage under the District's health insurance plans from the date of retirement until eligible for Medicare as required under ORS 243. The statutory requirement under ORS 243 results in an "implicit rate subsidy," the difference between expected early retiree claim costs and the premium paid by the retiree. GASB Statement 45 requires recognition of the cost and liability of this implicit rate subsidy in the government-wide financial statements.

Currently, the District participates in the Oregon Educators Benefit Board, a statewide agent multiple-employer plan for health insurance benefits. Benefits and eligibility for members are established through the collective bargaining agreements. For the purposes of the actuarial valuation, as of October 1, 2016, there were 317 active and 26 retired members.

The District's annual OPEB cost is reflected on the Statement of Net Position on the accrual basis, and is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. There is no separate, audited GAAP-based postemployment benefit report available for this Plan.

**Funding Policy**

The benefits from this program are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS- continued**

**Annual OPEB Cost and Net OPEB Obligation**

The District’s annual OPEB cost (expense) for the post-employment health insurance subsidy is calculated based on the ARC of the employer, an amount actuarially determined in accordance within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the OPEB obligation as of June 30, 2017 and 2016:

	Fiscal Year-Ended	
	2017	2016
Employer's normal cost at year end	\$ 98,523	\$104,079
Amortization of UAAL	170,695	182,859
ARC	269,218	286,938
Interest on prior year OPEB obligation	46,078	44,149
Adjustments to ARC	(158,299)	(151,672)
Implicit benefit payments	(167,904)	(124,293)
OPEB obligation at beginning of year	1,316,516	1,261,394
OPEB obligation at end of year	<u>\$ 1,305,609</u>	<u>\$ 1,316,516</u>

The District’s annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percent of Annual OPEB Cost Contribution	Net OPEB Obligation
June 30, 2017	\$ 156,997	107%	\$ 1,305,516
June 30, 2016	179,415	69%	1,316,516
June 30, 2015	174,869	71%	1,261,394
June 30, 2014	294,081	57%	1,210,076
June 30, 2013	293,561	63%	1,084,303
June 30, 2012	485,564	48%	975,853
June 30, 2011	466,611	48%	722,708
June 30, 2010	507,506	52%	478,688
June 30, 2009	491,992	53%	233,351

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS- continued**

**Funded Status and Funding Progress**

The Schedule of Funding Progress, included as Required Supplementary Information immediately following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial valuations on an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The projected unit credit cost method was used in the actuarial valuation. The actuarial assumptions included a discount rate of 3.5 percent for unfunded liabilities and a 50% assumption of participants who elect medical coverage at retirement. The medical and prescription drug rate is assumed to increase 8.25% in 2017 reducing to 6.75% in the second year, and 5.25% in the third year. In future years, the medical cost trend varies between 6.25% and 5.25% due to the timing of the excise tax schedule to affect health care benefits beginning in 2020, before settling at an ultimate trend of 5.25%. Dental and vision cost are assumed to increase by 4.50% in each future year. The UAAL is being amortized as a level dollar amount over an open period of 10 years. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates, and withdrawal rates, are the same as those used by Oregon PERS for school districts.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 11 – PUBLIC PENSION RETIREMENT PLAN**

**Plan Description**

The District contributes to the Oregon Public Employees Retirement System (PERS) which is a cost sharing multiple employer defined benefit pension plan. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the plan. Participation by schools districts is mandatory. As of June 30, 2016 there were 921 participating employers and State Agencies. PERS issues a publicly available financial report which can be obtained on their website, [www.oregon.gov/PERS](http://www.oregon.gov/PERS).

PERS is administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The Oregon Legislature has delegated authority to the Public Employees Retirement Board (Board) to administer and manage the System. All members of the Board are appointed by the governor and confirmed by the state Senate. The governor designates the chairperson. One member must be a public employer manager or a local elected official, one member must be a union-represented public employee or retiree, and three members must have experience in business management, pension management, or investing.

The 1995 Legislature enacted Chapter 654, Section 3, Oregon Laws 1995, which has been codified into ORS 238.435. This legislation created a second tier of benefits for those who established membership on or after January 1, 1996. The second tier does not have the Tier One assumed earnings rate guarantee and has a higher normal retirement age of 60, compared to 58 for Tier One. As of June 30, 2016, there were 28,605 active plan members, 121,585 inactive plan members or their beneficiaries currently receiving benefits, 15,106 inactive plan members entitled to but not yet receiving benefits, and 10 inactive plan members not eligible for refund or retirement, for a total of 165,306 Tier One members. As of June 30, 2016, there were 39,205 active plan members, 12,336 inactive plan members or their beneficiaries currently receiving benefits, 15,291 inactive plan members entitled to but not yet receiving benefits, and 718 inactive plan members not eligible for refund or retirement, for a total of 67,550 Tier Two members in the System.

The 2003 Legislature enacted HB 2020, codified as ORS 238A, which created the Oregon Public Service Retirement Plan (OPSRP). OPSRP consists of the Pension Program (defined benefit), which is part of the Plan and the Individual Account Program, which is reported as a separate plan in PERS financial statements. Membership includes public employees hired on or after August 29, 2003. As of June 30, 2016, there were 103,866 active plan members, 2,514 inactive plan members or their beneficiaries currently receiving benefits, 4,775 inactive plan members entitled to but not yet receiving benefits, and 10,025 inactive plan members not eligible for refund or retirement, for a total of 121,180 OPSRP Pension Program members.



**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 11 – PUBLIC RETIREMENT PLAN - continued**

Beginning January 1, 2004, PERS active Tier One and Tier Two members became members of the Individual Account Program (IAP) of OPSRP. PERS members retain their existing Plan accounts, but member contributions are now deposited into the member's IAP account, not into the member's Defined Benefit Plan account. Accounts are credited with earnings and losses net of administrative expenses. OPSRP is part of PERS and is administered by the Board. The PERS Board is directed to adopt any rules necessary to administer OPSRP, and such rules are to be considered part of the plan for IRS purposes.

For the year ended June 30, 2017, the District's total payroll for all employees was \$20,002,836. Total covered payroll was \$17,983,977. Covered payroll refers to all compensation paid by the District to active employees covered by PERS.

**Contributions**

PERS members are required to contribute 6% of their salary and the employer makes contributions at an actuarially determined rate as adopted by the PERS Board. The rate for Tier One and Tier Two for the year ended June 30, 2017 was 13.99% of covered annual payroll. The rate for OPSRP for the year ended June 30, 2017 was 9.30%. The contribution requirements of plan members are established by state statute. The employer contribution is set and may be amended by the Retirement Board. The District's contributions to Oregon PERS for the year ended June 30, 2017 was \$1,966,034. In addition, employee contributions made by the District under employment contracts were \$1,055,994 employee contributions for the year ended June 30, 2017.

Pension Assets, Pension Income, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported a liability of \$31,406,929 for its proportionate share of the net pension asset. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. Update procedures were used to roll forward the total pension liability to the measurement date.

The basis for the employer's proportion is actuarially determined by comparing the employer's projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers. No change has been made to the District's proportionate share since the prior measurement date. The rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

The projected long-term contribution effort is estimated by projecting the present value of all future Normal Cost Rate Contributions (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 11 – PUBLIC RETIREMENT PLAN - continued**

An employer's PVFNC depends on both the Normal Cost Rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For PERS funding, employers have three different payrolls, each with a different Normal Cost Rate:

- Tier One/Tier Two payroll
- OPSRP General Service payroll
- OPSRP Police & Fire payroll

A UAL exists when Plan assets are less than the actuarial liability as measured by the Plan's actuarial funding valuations. UAL can arise in a biennium when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises in a given biennium over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The UAL represents the portion of the projected long-term contribution effort related to past service. In determining the employer's projected long-term contribution effort to the Plan, the UAL component was adjusted for supplemental lump-sum payments made during the measurement period, if applicable.

The projected long-term contribution effort is equal to the sum of the PVFNC and the UAL.

After the employer's projected long-term contribution effort is calculated, that amount is reduced by the value of the employer's supplemental lump-sum payments, known as side accounts, transition surpluses and pre-SLGRP (State and Local Government Rate Pool) surpluses. Side accounts decrease the employer's projected long-term contribution effort because side accounts are effectively pre-paid contributions.

The employer's projected long-term contribution effort does not include contributions toward the current value of transition liabilities and pre-SLGRP (State and Local Government Rate Pool) liabilities, which PERS has determined meet the definition of separately financed employer liabilities.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 11 – PUBLIC RETIREMENT PLAN – continued**

For the year ended June 30, 2017, the District recognized pension expense of \$3,287,496. The District's proportionate share of the collective net pension liability was .20920767%, a decrease from its proportionate share of .22233870% at the previous measurement date. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 1,039,078	\$
Differences between projected and actual earnings on investment	6,698,343	
Changes in employer proportionate share	6,204,691	942,475
Difference between employer contributions and employer's proportionate share of system contributions		492,739
District contributions subsequent to the measurement date	1,915,106	
Total	\$ 15,857,218	\$ 1,435,214

The \$1,915,106 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,	
2018	\$ 2,116,853
2019	2,116,853
2020	4,434,903
2021	3,387,501
Thereafter	450,788
	\$ 12,506,898

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 11 – PUBLIC RETIREMENT PLAN - continued**

Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50 percent
Salary increases	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service
Long-term expected rate of return	7.50 percent

Mortality rates were based on the RP-2000 sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members' mortality rates are a percentage of healthy retiree rates that vary by group. Disabled retirees' mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality table.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for 2014, published September 2015.

*Long-Term Expected Rate of Return*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long term expected real rate of return</u>
Cash	0.0%	0.0%
Debt securities	20.0%	1.4%
Public equity	37.5%	-5.0%
Private equity	20.0%	15.7%
Real estate	12.5%	12.7%
Alternative equity	10.0%	4.1%
Opportunity portfolio	0.0%	7.3%

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 11 – PUBLIC RETIREMENT PLAN - continued**

*Discount Rate*

The discount rate used to measure the total pension liability of the Plan was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	Discount rate	Proportionate share of net pension liability (asset)
1% decrease	6.50%	\$ 50,711,718
Current discount rate	7.50%	31,406,929
1% increase	8.50%	15,271,503

*Plan Fiduciary Net Position*

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected rate of return on plan investments may be used to discount liabilities to the extent that the plan’s Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 often requires that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of solvency; it is left to professional judgment.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 11 – PUBLIC RETIREMENT PLAN - continued**

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume the plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is the PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

*Deferred Inflows of Resources and Deferred Outflows of Resources*

Deferred inflows and outflows of resources are calculated at the Plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2016, the following deferred items are reported:

- Difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Difference between projected and actual earnings
- Difference between employer contributions and proportionate share of contributions
- Employer contributions made after the measurement date

Differences between expected and actual experience, changes in assumptions, changes in employer proportion and changes between employer contributions and proportionate share of contributions are amortized over the remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service lives determined at the beginning of each measurement period are:

- Year ended June 30, 2016 – 5.3 years
- Year ended June 30, 2015 – 5.4 years
- Year ended June 30, 2014 – 5.6 years

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 11 – PUBLIC RETIREMENT PLAN - continued**

The difference between projected and actual earnings attributable to each measurement period is amortized over a closed five-year period.

**NOTE 12 - ENVIRONMENTAL MATTERS**

The District has complied with EPA standards for asbestos encasement as well as maintenance of an asbestos management plan. In addition, the District's fuel storage facilities meet EPA standards including annual testing requirements. Testing of lead pipes during the summer showed no elevated lead levels.

**NOTE 13 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Insurance coverage has not changed significantly from prior years.

**NOTE 14 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 3, 2017, the date on which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**



**SCHOOL DISTRICT 509-J**  
**Jefferson County, Oregon**

**SCHEDULE OF FUNDING PROGRESS**  
**OTHER POST-EMPLOYMENT BENEFITS**

**YEAR ENDED JUNE 30, 2017**

Actuarial Valuation Date	Actuarial Value of Assets	AAL	UAAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
10/1/2008	\$	\$ 3,684,145	\$ 3,684,145	0%	\$ 14,944,211	24.7%
10/1/2010		3,285,847	3,285,847	0%	15,526,388	21.2%
10/1/2012		2,061,121	2,061,121	0%	16,485,883	12.5%
10/1/2014		1,507,719	1,507,719	0%	15,688,932	9.6%
10/1/2016		1,431,863	1,431,863	0%	17,076,143	8.4%

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Budget Basis	Actuals		Variance with Final Budget Over (Under)
	Adopted	Final		Adjustments	GAAP Basis	
<u>Revenues</u>						
Property taxes	\$ 3,992,500	\$ 3,992,500	\$ 4,202,015	\$	\$ 4,202,015	\$ 209,515
Investment earnings	63,100	63,100	160,413		160,413	97,313
Admissions	17,500	17,500	13,212		13,212	(4,288)
Other local sources	1,597,208	1,597,208	1,634,143		1,634,143	36,935
Intermediate sources	106,000	106,000	142,193		142,193	36,193
State sources	23,325,277	23,325,277	25,101,191		25,101,191	1,775,914
Federal sources	2,464,000	2,464,000	2,917,574		2,917,574	453,574
<b>Total revenues</b>	<b>31,565,585</b>	<b>31,565,585</b>	<b>34,170,741</b>		<b>34,170,741</b>	<b>2,605,156</b>
<u>Expenditures</u>						
Current						
Instruction	18,990,876	19,110,876	18,191,366		18,191,366	(919,510)
Support services	13,980,904	13,860,904	13,322,082	(464,162)	12,857,920	(538,822)
Community services	111,713	111,713	87,164		87,164	(24,549)
Facilities acquisition	220,300	220,300	23,516		23,516	(196,784)
Contingency	100,000	100,000				(100,000)
Capital outlay				464,162	464,162	
<b>Total expenditures</b>	<b>33,403,793</b>	<b>33,403,793</b>	<b>31,624,128</b>		<b>31,624,128</b>	<b>(1,779,665)</b>
Excess (deficiency) of revenues over (under) expenditures	(1,838,208)	(1,838,208)	2,546,613		2,546,613	4,384,821
<u>Other financing sources (uses)</u>						
Operating transfers in	376,000	376,000				(376,000)
Operating transfers out	(1,704,549)	(1,704,549)	(1,262,224)		(1,262,224)	442,325
<b>Total other financing sources and (uses)</b>	<b>(1,328,549)</b>	<b>(1,328,549)</b>	<b>(1,262,224)</b>		<b>(1,262,224)</b>	<b>66,325</b>
Net change in fund balance	(3,166,757)	(3,166,757)	1,284,389		1,284,389	4,451,146
Fund balance - beginning of year	9,373,364	9,373,364	10,312,249		10,312,249	938,885
Fund balance - end of year	\$ 6,206,607	\$ 6,206,607	\$ 11,596,638	\$	\$ 11,596,638	\$ 5,390,031

The adjustments column represents differences between Budget and GAAP basis of accounting. Oregon local budget law requires budgeting at the functional level, whereas GAAP requires additional classifications into capital outlay

Adjustments to GAAP basis are also necessary where budgeted transfers in and out were made within the general fund sub-funds.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actuals			Variance with Final Budget Over (Under)
	Adopted	Final	Budget Basis	Adjustments	GAAP Basis	
<u>Revenues</u>						
Other local sources	\$ 302,963	\$ 516,176	\$ 600,801	\$	\$ 600,801	\$ 84,625
Intermediate sources		9,528	10,745		10,745	1,217
State sources	241,449	943,444	519,647		519,647	(423,797)
Federal sources	5,606,860	5,659,717	5,353,831		5,353,831	(305,886)
Total revenues	6,151,272	7,128,864	6,485,024		6,485,024	(643,840)
<u>Expenditures</u>						
Current						
Instruction	2,132,246	2,835,685	2,470,489		2,470,489	(365,196)
Support services	2,037,649	2,211,980	1,686,773	(98,734)	1,588,039	(525,207)
Community services	2,350,642	2,450,464	2,422,906		2,422,906	(27,558)
Capital outlay				98,734	98,734	
Total expenditures	6,520,537	7,498,129	6,580,168		6,580,168	(917,961)
Excess (deficiency) of revenues over (under) expenditures	(369,265)	(369,265)	(95,144)		(95,144)	274,121
<u>Other financing sources (uses)</u>						
Operating transfers in	245,840	245,840	182,635		182,635	(63,205)
Operating transfers out						
Gain on sale of capital assets						
Total other financing sources and (uses)	245,840	245,840	182,635		182,635	(63,205)
Net change in fund balance	(123,425)	(123,425)	87,491		87,491	210,916
Fund balance - beginning of year	273,425	273,425	307,168		307,168	33,743
Fund balance - end of year	\$ 150,000	\$ 150,000	\$ 394,659	\$	\$ 394,659	\$ 244,659

The adjustments column represents differences between Budget and GAAP basis of accounting. Oregon local budget law requires budgeting at the functional level, whereas GAAP requires additional classifications into capital outlay

**SCHOOL DISTRICT 509-J**  
**Jefferson County, Oregon**

**SCHEDULE OF THE PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY (ASSET)**

**YEAR ENDED JUNE 30, 2017**

Year Ended June 30,	(a) Employer's proportion of the net pension liability (asset) (NPL(A))	(b) Employer's proportionate share of the NPL(A)	(c) CAL's covered payroll	(b/c) NPL(A) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.209208%	\$ 31,406,929	\$ 17,076,143	183.9%	80.5%
2016	0.222334%	12,765,490	16,894,802	75.6%	91.9%
2015	0.240095%	(5,442,268)	15,688,932	-34.7%	103.6%
2014	0.240095%	12,252,398	15,935,387	76.9%	92.0%

**SCHOOL DISTRICT 509-J**  
**Jefferson County, Oregon**

**SCHEDULE OF CONTRIBUTIONS**

**YEAR ENDED JUNE 30, 2017**

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2017	\$ 1,915,106	\$ 1,915,106	\$	\$ 17,983,977	10.65%
2016	1,850,319	1,850,319		17,076,143	10.84%
2015	2,352,176	2,352,176		16,894,802	13.92%
2014	2,197,888	2,197,888		15,688,932	14.01%

**SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actuals			Variance with Final Budget Over (Under)
	Adopted	Final	Budget Basis	Adjustments	GAAP Basis	
<b>Revenues</b>						
Property taxes	\$ 2,312,344	\$ 2,312,344	\$ 2,359,331	\$	\$ 2,359,331	\$ 46,987
Investment earnings	6,100	6,100	16,934		16,934	10,834
Total revenues	2,318,444	2,318,444	2,376,265		2,376,265	57,821
<b>Expenditures</b>						
Current						
Debt service	3,730,653	3,730,653	3,730,144	(3,730,144)		(509)
Principal				1,504,343	1,504,343	
Interest				2,225,801	2,225,801	
Total expenditures	3,730,653	3,730,653	3,730,144		3,730,144	(509)
Excess (deficiency) of revenues over (under) expenditures	(1,412,209)	(1,412,209)	(1,353,879)		(1,353,879)	58,330
<b>Other financing sources (uses)</b>						
Operating transfers in	1,082,709	1,082,709	1,079,589		1,079,589	(3,120)
Net change in fund balance	(329,500)	(329,500)	(274,290)		(274,290)	55,210
Fund balance - beginning of year	476,700	476,700	493,083		493,083	16,383
Fund balance - end of year	\$ 147,200	\$ 147,200	\$ 218,793	\$	\$ 218,793	\$ 71,593

The adjustments column represents differences between Budget and GAAP basis of accounting. Oregon local budget law requires budgeting at the functional level, whereas GAAP requires additional classifications into principal and interest

**SCHOOL DISTRICT NO.509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES**  
**GENERAL FUND SUB FUNDS**

**JUNE 30, 2017 AND SUMMARIZED INFORMATION FOR JUNE 30, 2016**

<u>ASSETS</u>	100 - General Operations	101 - Bus Purchase	102 - Employee Wellness	104 - Warm Springs Housing	105 - PAC Fund	107 - Technology Replacement Fund
Cash and investments	\$ 7,029,288	\$ 1,115,968	\$ 19,603	\$ 76,546	\$ 36,973	\$ 293,631
Receivables						
Property taxes	209,710					
Other	732,482			5,659	1,158	
Due from other funds	500,133					
<b>Total assets</b>	<b>\$ 8,471,613</b>	<b>\$ 1,115,968</b>	<b>\$ 19,603</b>	<b>\$ 82,205</b>	<b>\$ 38,131</b>	<b>\$ 293,631</b>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ 395,178	\$	\$	\$ 152	\$ 3,270	\$
Accrued payroll liability	1,467,353		69		4,276	
Other current liabilities						
Tenant deposit	25,000			1,125		
<b>Total liabilities</b>	<b>1,887,531</b>		<b>69</b>	<b>1,277</b>	<b>7,546</b>	
<u>DEFERRED INFLOWS</u>						
Unavailable property taxes	180,423					
Unearned revenue	39,363			5,659		
<b>Total deferred inflows</b>	<b>219,786</b>			<b>5,659</b>		
<u>FUND BALANCES</u>						
Committed to:						
Bus replacement		1,115,968				
Equipment replacement						
Employee Wellness			19,534			
Maintenance projects						
Performing arts center fund					30,585	
Stabilization of general fund						
Technology replacement plan fund						293,631
Textbook replacement plan fund						
Warm Springs housing				75,269		
Warm Springs school construction						
Assigned to:						
Appropriated ending fund balance	2,825,908					
Unassigned	3,538,388					
<b>Total fund balances</b>	<b>6,364,296</b>	<b>1,115,968</b>	<b>19,534</b>	<b>75,269</b>	<b>30,585</b>	<b>293,631</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 8,471,613</b>	<b>\$ 1,115,968</b>	<b>\$ 19,603</b>	<b>\$ 82,205</b>	<b>\$ 38,131</b>	<b>\$ 293,631</b>



**SCHOOL DISTRICT NO.509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES**  
**GENERAL FUND SUB FUNDS**

**JUNE 30, 2017 AND SUMMARIZED INFORMATION FOR JUNE 30, 2016**

<u>ASSETS</u>	<u>108 - Textbook Replacement Fund</u>	<u>109 - Equipment Fund</u>	<u>110 - Maintenance Projects</u>	<u>111 - PERS Bond Reserve</u>
Cash and investments	\$ 762,941	\$ 470,605	\$ 1,016,865	\$ 1,010,000
Receivables				
Property taxes				
Other			10,610	
Due from other funds				
Total assets	\$ 762,941	\$ 470,605	\$ 1,027,475	\$ 1,010,000
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$	\$	\$	\$
Accrued payroll liability				
Other current liabilities				
Tenant deposit				
Total liabilities				
 <u>DEFERRED INFLOWS</u>				
Deferred revenues				
Unearned revenue				
Total deferred inflows				
 <u>FUND BALANCES</u>				
Committed to:				
Bus replacement				
Equipment replacement		470,605		
Employee Wellness				
Maintenance projects			1,027,475	
Performing arts center fund				
PERS reserve fund				1,010,000
Technology replacement plan fund				
Textbook replacement plan fund	762,941			
Warm Springs housing				
Warm Springs school construction				
Assigned to:				
Appropriated ending fund balance				
Unassigned				
Total fund balances	762,941	470,605	1,027,475	1,010,000
Total liabilities, deferred inflows and fund balances	\$ 762,941	\$ 470,605	\$ 1,027,475	\$ 1,010,000

**SCHOOL DISTRICT NO.509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES**  
**GENERAL FUND SUB FUNDS**

**JUNE 30, 2017 AND SUMMARIZED INFORMATION FOR JUNE 30, 2016**

<u>ASSETS</u>	119 -Warm Springs Facility	Total	
		2017	2016
Cash and investments	\$ 426,334	\$ 12,258,752	\$ 12,317,174
Receivables			
Property taxes		209,710	239,022
Other		749,909	241,460
Due from other funds		500,133	529,714
 Total assets	<u>\$ 426,334</u>	<u>\$ 13,718,504</u>	<u>\$ 13,327,370</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	\$	\$ 398,599	\$ 285,014
Accrued payroll liability		1,471,698	1,535,221
Other current liabilities			991,215
Tenant deposit		26,125	1,125
 Total liabilities		<u>1,896,422</u>	<u>2,812,575</u>
 <u>DEFERRED INFLOWS</u>			
Unavailable property taxes		180,423	198,531
Unearned revenue		45,021	4,015
 Total deferred inflows		<u>225,444</u>	<u>202,546</u>
 <u>FUND BALANCES</u>			
Committed to:			
Bus replacement		1,115,968	972,653
Equipment replacement		470,605	426,132
Employee wellness		19,534	14,534
Maintenance projects		1,027,475	869,584
Performing arts center fund		30,585	9,000
Stabilization of general fund		1,010,000	667,812
Technology replacement plan fund		293,631	150,395
Textbook replacement plan fund		762,941	700,192
Warm Springs housing		75,269	68,004
Warm Springs school construction	426,334	426,334	426,334
Assigned to:			
Appropriated ending fund balance		2,825,908	3,166,757
Unassigned		3,538,388	2,840,852
 Total fund balances	<u>426,334</u>	<u>11,596,638</u>	<u>10,312,249</u>
 Total liabilities, deferred inflows and fund balances	<u>\$ 426,334</u>	<u>\$ 13,718,504</u>	<u>\$ 13,327,370</u>

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GENERAL FUND SUB FUNDS**

**YEAR ENDED JUNE 30, 2017 AND SUMMARIZED INFORMATION FOR JUNE 30, 2016**

	100 - General Operations	101 - Bus Purchase	102 - Employee Wellness	104 - Warm Springs Housing	105 - PAC Fund	107 - Technology Replacement Fund
<u>Revenues</u>						
Property taxes	\$ 4,202,015	\$	\$	\$	\$	\$
Interest	160,413					
Admissions	13,212					
Other local sources	1,461,139		65	23,600	13,080	131,259
Intermediate sources	65,786					
State sources	24,942,821	158,370				
Federal sources	2,907,609					
<b>Total revenues</b>	<b>33,752,995</b>	<b>158,370</b>	<b>65</b>	<b>23,600</b>	<b>13,080</b>	<b>131,259</b>
<u>Expenditures</u>						
Current						
Instruction	17,957,821					
Support services	12,588,370		5,065	16,334	74,310	124,023
Enterprise and community services	30,389				52,185	
Capital outlay	159,781	289,591				
<b>Total expenditures</b>	<b>30,736,361</b>	<b>289,591</b>	<b>5,065</b>	<b>16,334</b>	<b>126,495</b>	<b>124,023</b>
Excess (deficiency) of revenues over (under) expenditures	3,016,634	(131,221)	(5,000)	7,266	(113,415)	7,236
Other financing sources (uses)						
Operating transfers in		274,536	10,000		135,000	136,000
Operating transfers out	(2,659,947)					
Gain on sale of capital assets						
<b>Total other financing sources and (uses)</b>	<b>(2,659,947)</b>	<b>274,536</b>	<b>10,000</b>		<b>135,000</b>	<b>136,000</b>
Net change in fund balance	356,687	143,315	5,000	7,266	21,585	143,236
Fund balance - beginning of year	6,007,609	972,653	14,534	68,004	9,000	150,395
Fund balance - end of year	<u>\$ 6,364,296</u>	<u>\$ 1,115,968</u>	<u>\$ 19,534</u>	<u>\$ 75,269</u>	<u>\$ 30,585</u>	<u>\$ 293,631</u>

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GENERAL FUND SUB FUNDS**

**YEAR ENDED JUNE 30, 2017 AND SUMMARIZED INFORMATION FOR JUNE 30, 2016**

	108 - Textbook Replacement Fund	109 - Equipment Replacement Fund	110 - Maint and Repair Projects	111 - PERS Bond Reserve
<u>Revenues</u>				
Property taxes	\$	\$	\$	\$
Interest				
Admissions				
Other local sources			5,000	
Intermediate sources			76,407	
State sources				
Federal sources		9,965		
Total revenues		9,965	81,407	
<u>Expenditures</u>				
Current				
Instruction	208,415	25,130		
Support services	28,836	20,982		
Enterprise and community services		4,590		
Facilities acquisition and construction			23,516	
Capital outlay		14,790		
Total expenditures	237,251	65,492	23,516	
Excess (deficiency) of revenues over (under) expenditures				
	(237,251)	(55,527)	57,891	
Other financing sources (uses)				
Operating transfers in	300,000	100,000	100,000	342,188
Operating transfers out				
Gain on sale of capital assets				
Total other financing sources and (uses)	300,000	100,000	100,000	342,188
Net change in fund balance				
	62,749	44,473	157,891	342,188
Fund balance - beginning of year				
	700,192	426,132	869,584	667,812
Fund balance - end of year				
	\$ 762,941	\$ 470,605	\$ 1,027,475	\$ 1,010,000

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GENERAL FUND SUB FUNDS**

**YEAR ENDED JUNE 30, 2017 AND SUMMARIZED INFORMATION FOR JUNE 30, 2016**

	119 - Warm Springs Facility	Total	
		2017	2016
<u>Revenues</u>			
Property taxes	\$	\$ 4,202,015	\$ 4,118,740
Interest		160,413	97,320
Admissions		13,212	20,312
Other local sources		1,634,143	1,732,933
Intermediate sources		142,193	123,543
State sources		25,101,191	22,424,017
Federal sources		2,917,574	2,541,497
		<hr/>	<hr/>
Total revenues		34,170,741	31,058,362
		<hr/>	<hr/>
<u>Expenditures</u>			
Current			
Instruction		18,191,366	17,326,841
Support services		12,857,921	12,407,456
Enterprise and community services		87,164	103,306
Facilities acquisition and construction		23,516	211,562
Capital outlay		464,162	476,677
		<hr/>	<hr/>
Total expenditures		31,624,129	30,525,842
		<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures		2,546,612	532,520
		<hr/>	<hr/>
Other financing sources (uses)			
Operating transfers in		1,397,724	2,264,327
Operating transfers out		(2,659,947)	(3,553,425)
Gain on sale of capital assets			60,169
		<hr/>	<hr/>
Total other financing sources and (uses)		(1,262,224)	(1,228,929)
		<hr/>	<hr/>
Net change in fund balance		1,284,389	(696,409)
		<hr/>	<hr/>
Fund balance - beginning of year	426,334	10,312,249	11,008,658
	<hr/>	<hr/>	<hr/>
Fund balance - end of year	\$ 426,334	\$ 11,596,638	\$ 10,312,249
	<hr/>	<hr/>	<hr/>

**SCHOOL DISTRICT NO.509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES**  
**SPECIAL REVENUE FUND SUB FUNDS**

**JUNE 30, 2017 AND SUMMARIZED INFORMATION FOR JUNE 30, 2016**

<u>ASSETS</u>	203 - Title 1A: Grant to LEAs	205 - Title VII: Indian Education	211 - Priority Schools	212 - WS K-8 School Improvement Grant	213 - IDEA	216 - Title III: English Language Acquisition
Cash and investments	\$	\$	\$	\$	\$	\$
Receivables - reimbursement claims	232,608	46,273	10,846	62,615	128,697	10,522
Prepaid expense						
Inventory						
Due from other funds						
<b>Total assets</b>	<b>\$ 232,608</b>	<b>\$ 46,273</b>	<b>\$ 10,846</b>	<b>\$ 62,615</b>	<b>\$ 128,697</b>	<b>\$ 10,522</b>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ 163	\$	\$	\$	\$ 13,930	\$
Accrued payroll liability	104,637	17,912	2,298	20,640	70,349	8,477
Deposits						
Due to other funds	127,808	28,361	8,548	41,975	44,418	2,045
<b>Total liabilities</b>	<b>232,608</b>	<b>46,273</b>	<b>10,846</b>	<b>62,615</b>	<b>128,697</b>	<b>10,522</b>
<u>DEFERRED INFLOWS</u>						
Deferred Revenues						
<u>FUND BALANCES</u>						
Nonspendable:						
Inventory and prepaid expenses						
Restricted for:						
Federal Programs						
State and local grants and donations						
Committed to:						
Student Activities						
Assigned for:						
Onsite child care						
Unassigned						
<b>Total fund balances</b>						
<b>Total liabilities, fund balances and deferred inflows</b>	<b>\$ 232,608</b>	<b>\$ 46,273</b>	<b>\$ 10,846</b>	<b>\$ 62,615</b>	<b>\$ 128,697</b>	<b>\$ 10,522</b>

SCHOOL DISTRICT NO.509J  
Jefferson County, Oregon

COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES  
SPECIAL REVENUE FUND SUB FUNDS

JUNE 30, 2017 AND SUMMARIZED INFORMATION FOR JUNE 30, 2016

	217 - Elementary Counseling Grant	218 - Indian Demonstration Grant	222 - Smile Program	223 - Youth Development Program	226 - Title X: McKinney Vento	232 - Onsite Child Care
<u>ASSETS</u>						
Cash and investments	\$	\$	\$ 447	\$	\$	\$ 58,845
Receivables - reimbursement claims	69,123	47,123		120,584	4,467	5,670
Prepaid expense						
Inventory						
Due from other funds						
<b>Total assets</b>	<b>\$ 69,123</b>	<b>\$ 47,123</b>	<b>\$ 447</b>	<b>\$ 120,584</b>	<b>\$ 4,467</b>	<b>\$ 64,515</b>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ 370	\$ 1,300	\$	\$ 79,749	\$	\$
Accrued payroll liability	22,560	5,169	447	18,674	139	4,981
Deposits						
Due to other funds	46,193	40,654		22,161	4,328	
<b>Total liabilities</b>	<b>69,123</b>	<b>47,123</b>	<b>447</b>	<b>120,584</b>	<b>4,467</b>	<b>4,981</b>
<u>DEFERRED INFLOWS</u>						
Deferred Revenues						
<u>FUND BALANCES</u>						
Nonspendable:						
Inventory and prepaid expenses						
Restricted for:						
Federal Programs						
State and local grants and donations						
Committed to:						
Student Activities						
Assigned for:						
Onsite child care						59,534
Unassigned						
<b>Total fund balances</b>						<b>59,534</b>
<b>Total liabilities, fund balances and deferred inflows</b>	<b>\$ 69,123</b>	<b>\$ 47,123</b>	<b>\$ 447</b>	<b>\$ 120,584</b>	<b>\$ 4,467</b>	<b>\$ 64,515</b>

**SCHOOL DISTRICT NO.509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES**  
**SPECIAL REVENUE FUND SUB FUNDS**

**JUNE 30, 2017 AND SUMMARIZED INFORMATION FOR JUNE 30, 2016**

	235 - ODE State Grants	242 - Miscellaneous State & Local Grants	249 - School Enrichment Fund	258 -Title VI- B: Rural Education Achievement	260 - Summer Nutrition Program	261 - Title II-A: Quality Teacher's Fund	262 - Student Body Funds
<b><u>ASSETS</u></b>							
Cash and investments	\$	\$ 19,869	\$ 41,865	\$	\$ 20,699	\$	\$ 169,010
Receivables - reimbursement claims	152,864	47,517	2,000	1,978	8,937	49,823	
Prepaid expense							
Inventory							
Due from other funds							
<b>Total assets</b>	<b>\$ 152,864</b>	<b>\$ 67,386</b>	<b>\$ 43,865</b>	<b>\$ 1,978</b>	<b>\$ 29,636</b>	<b>\$ 49,823</b>	<b>\$ 169,010</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>							
Liabilities							
Accounts payable	\$	\$ 1,459	\$	\$	\$ 1,575	\$	\$
Accrued payroll liability	23,548	752		132	3,593	4,764	
Deposits							
Due to other funds	86,737			1,846		45,059	
<b>Total liabilities</b>	<b>110,285</b>	<b>2,211</b>		<b>1,978</b>	<b>5,168</b>	<b>49,823</b>	
<b><u>DEFERRED INFLOWS</u></b>							
Deferred Revenues	42,579	65,175					
<b><u>FUND BALANCES</u></b>							
Nonspendable:							
Inventory and prepaid expenses							
Restricted for:							
Federal Programs					24,468		
State and local grants and donations							
Committed to:							
Student Activities			43,865				169,010
Assigned for:							
Onsite child care							
Unassigned							
<b>Total fund balances</b>			<b>43,865</b>		<b>24,468</b>		<b>169,010</b>
<b>Total liabilities, fund balances and deferred inflows</b>	<b>\$ 152,864</b>	<b>\$ 67,386</b>	<b>\$ 43,865</b>	<b>\$ 1,978</b>	<b>\$ 29,636</b>	<b>\$ 49,823</b>	<b>\$ 169,010</b>



**SCHOOL DISTRICT NO.509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES**  
**SPECIAL REVENUE FUND SUB FUNDS**

**JUNE 30, 2017 AND SUMMARIZED INFORMATION FOR JUNE 30, 2016**

	265 - Classroom Mini Grants	270- Student After School Meals	280 - Food Services	290 - Donations	Total	
					2017	2016
<b><u>ASSETS</u></b>						
Cash and investments	\$ 2,844	\$ 50,810	\$ 76,994	\$ 25,744	\$ 467,126	\$ 333,328
Receivables - reimbursement claims		3,498	122,420		1,127,565	865,745
Prepaid expense						
Inventory			24,005		24,005	30,323
Due from other funds						
<b>Total assets</b>	<b>\$ 2,844</b>	<b>\$ 54,308</b>	<b>\$ 223,419</b>	<b>\$ 25,744</b>	<b>\$ 1,618,697</b>	<b>\$ 1,229,396</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
Liabilities						
Accounts payable	\$ 120	\$	\$ 13,238	\$	\$ 111,904	\$ 91,382
Accrued payroll liability		4,015	163,978		477,064	276,291
Deposits			1,203		1,203	1,203
Due to other funds					500,133	529,714
<b>Total liabilities</b>	<b>120</b>	<b>4,015</b>	<b>178,419</b>		<b>1,090,304</b>	<b>898,590</b>
<b><u>DEFERRED INFLOWS</u></b>						
Unearned revenue	2,724			23,256	133,734	23,638
<b><u>FUND BALANCES</u></b>						
Nonspendable:						
Inventory and prepaid expenses			24,005		24,005	30,323
Restricted for:						
Federal Programs		50,293	20,995		95,757	52,406
State and local grants and donations				2,488	2,488	725
Committed to:						
Student Activities					212,875	194,277
Assigned for:						
Onsite child care					59,534	56,809
Unassigned						(27,372)
<b>Total fund balances</b>		<b>50,293</b>	<b>45,000</b>	<b>2,488</b>	<b>394,659</b>	<b>307,168</b>
<b>Total liabilities, fund balances and deferred inflows</b>	<b>\$ 2,844</b>	<b>\$ 54,308</b>	<b>\$ 223,419</b>	<b>\$ 25,744</b>	<b>\$ 1,618,697</b>	<b>\$ 1,229,396</b>

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUND SUB FUNDS**

**YEAR ENDED JUNE 30, 2017 AND SUMMARIZED INFORMATION FOR JUNE 30, 2016**

	203 - Title 1A: Grant to LEAs	205 - Title VII: Indian Education	206 - Johnson O'Malley	211 - Priority Schools	212 - W.S.R.S. School Improvement Grant	213 - IDEA	210 - Title III: English Language Acquisition
<b>Revenues</b>							
Interest	\$	\$	\$	\$	\$	\$	\$
Other local sources			2,500				
Intermediate sources							
State sources							
Federal sources	1,047,436	197,167		56,684	384,860	602,538	105,010
Total revenues	<u>1,047,436</u>	<u>197,167</u>	<u>2,500</u>	<u>56,684</u>	<u>384,860</u>	<u>602,538</u>	<u>105,010</u>
<b>Expenditures</b>							
<b>Current</b>							
Instruction	671,711	134,084		53,516	230,829	429,772	38,605
Support services	359,356	63,083	8,311	2,931	154,031	172,766	15,486
Enterprise and community services	16,369			237			50,919
Capital outlay							
Total expenditures	<u>1,047,436</u>	<u>197,167</u>	<u>8,311</u>	<u>56,684</u>	<u>384,860</u>	<u>602,538</u>	<u>105,010</u>
Excess (deficiency) of revenues over (under) expenditures			(5,811)				
<b>Other financing sources (uses)</b>							
Operating transfers in			5,811				
Operating transfers out							
Gain (loss) on sale of capital assets							
Total other financing sources and (uses)			<u>5,811</u>				
Net change in fund balance							
Fund balance - beginning of year							
Fund balance - end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUND SUB FUNDS**

**YEAR ENDED JUNE 30, 2017 AND SUMMARIZED INFORMATION FOR JUNE 30, 2016**

	217 - Elementary Counseling Grant	218 - Indian Demonstration Grant	222 - Smile Program	223 - Youth Development Program	226 - Title X: McKinney Vento	227 - Title I-C Migrant Education	232 - Onsite Child Care
<u>Revenues</u>							
Interest	\$	\$	\$	\$	\$	\$	\$
Other local sources							32,059
Intermediate sources							
State sources			11,997				
Federal sources	309,700	114,488		277,403	11,722	28,200	7,667
<b>Total revenues</b>	<b>309,700</b>	<b>114,488</b>	<b>11,997</b>	<b>277,403</b>	<b>11,722</b>	<b>28,200</b>	<b>39,726</b>
<u>Expenditures</u>							
Current							
Instruction		52,541	19,619	268,543		25,530	
Support services	287,500	27,766	933	8,860	11,722	2,670	
Enterprise and community services		34,181					72,883
Facilities acquisition and construction							
Capital outlay	22,200						
<b>Total expenditures</b>	<b>309,700</b>	<b>114,488</b>	<b>20,552</b>	<b>277,403</b>	<b>11,722</b>	<b>28,200</b>	<b>72,883</b>
Excess (deficiency) of revenues over (under) expenditures			(8,555)				(33,157)
Other financing sources (uses)							
Operating transfers in			8,555				35,882
Operating transfers out							
Gain (loss) on sale of capital assets							
<b>Total other financing sources and (uses)</b>			<b>8,555</b>				<b>35,882</b>
Net change in fund balance							2,725
Fund balance - beginning of year							56,809
<b>Fund balance - end of year</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 59,534</b>

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUND SUB FUNDS**

**YEAR ENDED JUNE 30, 2017 AND SUMMARIZED INFORMATION FOR JUNE 30, 2016**

	235 - ODE State Grants	244 - Miscellaneous State & Local Grants	249 - School Enrichment Fund	258 -Title VI-B: Rural Education Achievement	260 - Summer Nutrition Program	261 - Title II-A: Quality Teacher's Fund	262 - Student Body Funds
<b>Revenues</b>							
Interest	\$	\$	\$	\$	\$	\$	\$
Other local sources		75,057	31,621				403,245
Intermediate sources	7,677	3,068					
State sources	474,686				1,167		
Federal sources				26,831	67,689	121,331	
<b>Total revenues</b>	<b>482,363</b>	<b>78,125</b>	<b>31,621</b>	<b>26,831</b>	<b>68,856</b>	<b>121,331</b>	<b>403,245</b>
<b>Expenditures</b>							
<b>Current</b>							
Instruction	129,025	18,880	23,503	1,272			355,743
Support services	292,819	34,581		23,895		121,331	
Enterprise and community services	40,507	24,664		1,664	56,453		
Facilities acquisition and construction							
Capital outlay	20,012						37,023
<b>Total expenditures</b>	<b>482,363</b>	<b>78,125</b>	<b>23,503</b>	<b>26,831</b>	<b>56,453</b>	<b>121,331</b>	<b>392,766</b>
Excess (deficiency) of revenues over (under) expenditures			8,118		12,403		10,479
<b>Other financing sources (uses)</b>							
Operating transfers in							
Operating transfers out							
Gain (loss) on sale of capital assets							
<b>Total other financing sources and (uses)</b>							
Net change in fund balance			8,118		12,403		10,479
Fund balance - beginning of year			35,747		12,065		158,531
Fund balance - end of year	\$	\$	\$ 43,865	\$	\$ 24,468	\$	\$ 169,010

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUND SUB FUNDS**

**YEAR ENDED JUNE 30, 2017 AND SUMMARIZED INFORMATION FOR JUNE 30, 2016**

	265 - Classroom Mini Grants	270- Student After School Meals	280 - Food Services	290 - Donations	Total	
					2017	2016
<b>Revenues</b>						
Interest	\$	\$	\$	\$	\$	347
Other local sources	5,102		17,506	33,711	600,801	568,246
Intermediate sources					10,745	15,866
State sources			31,797		519,647	151,568
Federal sources		63,427	1,931,677		5,353,831	5,430,863
<b>Total revenues</b>	<b>5,102</b>	<b>63,427</b>	<b>1,980,980</b>	<b>33,711</b>	<b>6,485,024</b>	<b>6,166,890</b>
<b>Expenditures</b>						
<b>Current</b>						
Instruction	5,102			12,212	2,470,489	2,026,830
Support services					1,588,039	2,013,001
Enterprise and community services		53,475	2,071,317	237	2,422,906	2,306,851
Capital outlay				19,499	98,734	5,808
<b>Total expenditures</b>	<b>5,102</b>	<b>53,475</b>	<b>2,071,317</b>	<b>31,948</b>	<b>6,580,168</b>	<b>6,352,490</b>
Excess (deficiency) of revenues over (under) expenditures		9,952	(90,337)	1,763	(95,144)	(185,600)
<b>Other financing sources (uses)</b>						
Operating transfers in			132,387		182,635	258,659
Operating transfers out						
Gain (loss) on sale of capital assets						
<b>Total other financing sources and (uses)</b>			<b>132,387</b>		<b>182,635</b>	<b>258,659</b>
Net change in fund balance		9,952	42,050	1,763	87,491	73,059
Fund balance - beginning of year		40,341	2,950	725	307,168	234,109
Fund balance - end of year	<b>\$</b>	<b>\$ 50,293</b>	<b>\$ 45,000</b>	<b>\$ 2,488</b>	<b>394,659</b>	<b>\$ 307,168</b>

**SCHOOL DISTRICT NO.509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES**  
**DEBT SERVICE FUND SUB FUNDS**

**JUNE 30, 2017 AND SUMMARIZED INFORMATION FOR JUNE 30, 2016**

<u>ASSETS</u>	303 - PERS	304 - 2013 GO	Total	
	Bonds	Bonds	2017	2016
Cash and investments	\$ 6,164	\$ 194,553	\$ 200,717	\$ 466,132
Receivables				
Property taxes		122,008	122,008	148,705
Other				
Due from other funds				
<b>Total assets</b>	<b>\$ 6,164</b>	<b>\$ 316,561</b>	<b>\$ 322,725</b>	<b>\$ 614,837</b>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$	\$	\$	\$
Accrued payroll liability				
Other current liabilities				
Tenant deposit				
<b>Total liabilities</b>				
<u>DEFERRED INFLOWS</u>				
Unavailable property taxes		103,932	103,932	121,754
Unearned revenue				
<b>Total deferred inflows</b>		<b>103,932</b>	<b>103,932</b>	<b>121,754</b>
<u>FUND BALANCES</u>				
Restricted for:				
Debt Service	6,164	212,629	218,793	493,083
Assigned to:				
Appropriated ending fund balance				
Unassigned				
<b>Total fund balances</b>	<b>6,164</b>	<b>212,629</b>	<b>218,793</b>	<b>493,083</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 6,164</b>	<b>\$ 316,561</b>	<b>\$ 322,725</b>	<b>\$ 614,837</b>

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUND SUB FUNDS**

**YEAR ENDED JUNE 30, 2017 AND SUMMARIZED INFORMATION FOR JUNE 30, 2016**

	303 - PERS	304 - 2013 GO	Total	
	Bonds	Bonds	2017	2016
<u>Revenues</u>				
Property taxes	\$	\$ 2,359,331	\$ 2,359,331	\$ 2,344,863
Interest	5,676	11,258	16,934	12,462
Admissions				
Other local sources				
Intermediate sources				
State sources				
Federal sources				
Total revenues	5,676	2,370,589	2,376,265	2,357,325
<u>Expenditures</u>				
Current				
Instruction				
Support services				
Enterprise and community services				
Facilities acquisition and construction				
Capital outlay				
Debt service				
Principal	254,344	1,249,999	1,504,343	1,411,500
Interest	828,357	1,397,444	2,225,801	2,201,849
Total expenditures	1,082,701	2,647,443	3,730,144	3,613,349
Excess (deficiency) of revenues over (under) expenditures	(1,077,025)	(276,854)	(1,353,879)	(1,256,024)
Other financing sources (uses)				
Operating transfers in	1,079,589		1,079,589	1,030,439
Operating transfers out				
Gain on sale of capital assets				
Total other financing sources and (uses)	1,079,589		1,079,589	1,030,439
Net change in fund balance	2,564	(276,854)	(274,290)	(225,585)
Fund balance - beginning of year	3,600	489,483	493,083	718,668
Fund balance - end of year	\$ 6,164	\$ 212,629	\$ 218,793	\$ 493,083

**OTHER FINANCIAL SCHEDULES**



**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**SCHEDULE OF FUTURE MATURITIES - BOND AND BOND INTEREST**

**JUNE 30, 2017**

Year of Maturity	Total	Issue Date October 31, 2002		Issue Date January 31, 2012		Issue Date May 23, 2013		Issue Date July 23, 2013	
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017-18	\$ 3,849,264	\$ 260,195	\$ 858,312	\$	\$ 24,200	\$ 1,275,000	\$ 892,019	\$ 50,000	\$ 489,538
2018-19	3,961,264	262,344	911,163		24,200	1,370,000	841,019	65,000	487,538
2019-20	4,082,164	266,351	972,156		24,200	1,475,000	779,519	80,000	484,938
2020-21	4,244,964		468,507	880,000	24,200	1,580,000	720,519	90,000	481,738
2021-22	4,343,963	945,000	468,507			1,690,000	657,319	105,000	478,137
2022-23	3,984,778	1,065,000	416,721			815,000	584,119	630,000	473,938
2023-24	4,098,508	1,195,000	358,252			875,000	551,519	670,000	448,737
2024-25	4,229,937	1,340,000	291,930			945,000	507,769	730,000	415,238
2025-26	4,356,816	1,490,000	217,560			1,025,000	460,519	785,000	378,737
2026-27	4,493,622	1,655,000	134,865			1,105,000	409,269	850,000	339,488
2027-28	3,571,119	775,000	43,013			1,170,000	376,119	910,000	296,987
2028-29	2,810,807					1,255,000	329,319	975,000	251,488
2029-30	2,867,837					1,315,000	290,100	1,060,000	202,737
2030-31	2,922,238					1,410,000	227,500	1,135,000	149,738
2031-32	2,984,918					1,515,000	157,000	1,210,000	102,918
2032-33	3,044,256					1,625,000	81,250	1,285,000	53,006
	<u>\$ 59,846,452</u>	<u>\$ 9,253,890</u>	<u>\$ 5,140,986</u>	<u>\$ 880,000</u>	<u>\$ 96,800</u>	<u>\$ 20,445,000</u>	<u>\$ 7,864,875</u>	<u>\$ 10,630,000</u>	<u>\$ 5,534,901</u>

**SUPPLEMENTARY INFORMATION REQUIRED  
BY OREGON DEPARTMENT OF EDUCATION**

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**SUPPLEMENTAL INFORMATION FOR DEPARTMENT OF EDUCATION**

**YEAR ENDED JUNE 30, 2017**

Item A	Energy bills for heating		Objects 325 & 326
	All Funds	Function	
		2540	\$ 609,914
		2550	8,613
Item B	Replacement of Equipment - General Fund In object 542 except for excluded functions		

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**REVENUE SUMMARY**

**YEAR ENDED JUNE 30, 2017**

	<u>Fund 100</u>	<u>Fund 200</u>	<u>Fund 300</u>	<u>Total</u>
<b><u>Local Sources</u></b>				
1110 Ad Valorem Taxes Levied By District	\$ 4,202,015	\$	\$ 2,359,331	\$ 6,561,346
1300 Tuition	33,621			33,621
1400 Transportation Fees from Within District	30,125			30,125
1500 Earnings on Investments	160,413		16,934	177,347
1600 Food Service		14,640		14,640
1700 Extra-Curricular Activities	13,212			13,212
1800 Childcare		32,059		32,059
1910 Rentals	65,486			65,486
1920 Contributions and Donations		116,370		116,370
1980 Federal Indirect Cost	99,583			99,583
1990 Miscellaneous	1,405,328	437,733		1,843,060
<b>Total Revenue from Local Sources</b>	6,009,783	600,801	2,376,265	8,986,849
<b><u>Intermediate Sources</u></b>				
2101 County School Funds	65,786			65,786
2200 Restricted Revenue	76,407	10,745		87,152
<b>Total Revenue from Intermediate Sources</b>	142,193	10,745		152,937
<b><u>State Sources</u></b>				
3101 State School Fund-General Support	24,788,938	15,419		24,804,358
3103 Common School Fund	306,695			306,695
3200 Restricted Grants-In-Aid	5,558	504,228		509,786
<b>Total Revenue from State Sources</b>	25,101,191	519,648		25,620,838
<b><u>Federal Sources</u></b>				
4300 Restricted Revenue Direct From Federal	64,581	621,355		685,936
4500 Restricted Revenue Through the State		4,564,808		4,564,808
4700 Grants-In-Aid From the Federal	8,956	28,200		37,156
4801 Federal Forest Fees				
4802 Impact Aid to School Districts	2,834,071			2,834,071
4900 Revenue for/on Behalf of the District	9,965	139,468		149,433
<b>Total Revenue from Federal Sources</b>	2,917,574	5,353,831		8,271,405
<b><u>Other Sources</u></b>				
5100 Long Term Debt Financing Sources				
5120 Premiums on Sale of Bonds				
5200 Interfund Transfers	1,397,724	182,635	1,079,589	2,659,947
5300 Sale of Fixed Assets				
5400 Resources - Beginning Fund Balance	10,312,249	307,168	493,083	11,112,500
<b>Total Revenue from Other Sources</b>	11,709,973	489,802	1,572,672	13,772,448
<b>Grand Totals</b>	\$ 45,880,714	\$ 6,974,827	\$ 3,948,937	\$ 56,804,478

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**GENERAL FUND (100)**  
**EXPENDITURE SUMMARY**

**YEAR ENDED JUNE 30, 2017**

<u>Instruction</u>	<u>Total</u>	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>
1111 Primary Education	\$ 6,477,815	\$ 4,030,800	\$ 2,160,604	\$ 83,024	\$ 172,029	\$ 31,347	\$ 10	\$
1121 Middle/Junior High Programs	2,524,848	1,629,099	824,830	13,997	56,922			
1122 Middle/Junior High School Extracurricular	198,296	117,827	40,194	17,545	21,194			1,535
1131 High School Programs	3,503,288	2,005,128	970,631	73,433	350,280	102,549		1,267
1132 High School Extra-curricular	505,383	310,235	105,654	47,794	34,452			7,250
1210 Programs for the Talented and Gifted	51,357	32,494	17,055	1,400	357			50
1220 Programs for the Students with Mental Disabilities	1,489,093	951,020	533,704	30	4,339			
1221 Programs for the Students with Mental Disabilities	5,742	4,856	886					
1223 Community Transition Center	186,947	107,352	41,979	2,357	70			35,188
1227 Extended school year instruction	29,509	18,158	5,300	5,770	280			
1229 Behavioral Program	434,689	296,631	136,835	167	1,056			
1250 Less Restrictive Programs fro Students with Disabilities	1,287,854	842,812	438,184		6,858			
1283 District Alternative Education	769,360	328,032	190,497	215,375	34,852			605
1291 English Second Language Programs	829,368	509,577	318,067		1,724			
1460 Special Programs, Summer School	31,712	21,558	6,506	2,962	685			
1296 Indian Education								
<b>Total Instruction</b>	<b>18,325,262</b>	<b>11,205,580</b>	<b>5,790,926</b>	<b>463,855</b>	<b>685,099</b>	<b>133,896</b>	<b>45,905</b>	
<b>Support Services</b>								
2112 Attendance Services	52,130	29,007	23,123					
2114 Student Accounting Services	191,300	119,867	70,216		1,218			
2115 Student Safety	78,374			78,374				
2122 Counseling Services	671,197	440,654	228,020	75	2,448			
2130 Health Services	156,678	81,185	60,246	594	14,415			239
2150 Speech Pathology and Audiology Services	107	77	30					
2160 Other Student Treatment Services	66,859			66,859				
2190 Service Direction: Student Support Services	218,707	117,928	56,511	40,984	2,238			1,045
2211 Service Area Direction	237,615	153,288	78,807	1,240	2,935			1,344
2213 Curriculum Development	28,837	14,278	4,507		10,052			
2220 Educational Media Services	387,878	198,051	150,223	450	39,110			45
2230 Assessment and Testing	75,048	63,519	6,990		4,538			
2240 Instructional Staff Development	86,025	10,338	46,809	22,189	6,689			
2244 Administrative Staff Development	41,123		41,123					
2310 Board of Education Services	149,004			137,346	5,051			6,607
2321 Office of Superintendent Services	359,576	220,616	117,691	11,299	8,926			1,045
2329 Other Executive Administrative Services	51,837			37,586	5,264	8,987		
2410 Office of the Principal Services	2,601,732	1,596,394	803,178	108,529	82,178			11,454
2520 Fiscal Services	544,404	283,379	156,319	41,642	59,953			3,111
2528 Risk Management Services	65,477							65,477
2542 Care and Upkeep of Buildings Services	2,536,019	944,394	569,432	752,520	115,835	11,795		142,043
2543 Care and Upkeep of Grounds Services	112,753	41,452	28,272	15,885	27,145			
2544 Maintenance	1,123,331	513,151	290,414	78,676	221,086	10,903		9,102

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**GENERAL FUND (100)**  
**EXPENDITURE SUMMARY**

**YEAR ENDED JUNE 30, 2017**

	<u>Total</u>	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>
2546 Security Services	5,376			5,376				
2552 Student Transportation Services	2,149,542	892,115	674,156	38,787	211,107	298,581	34,796	
2572 Purchasing Services	15,394	14,906	9,393		(8,905)			
2573 Warehousing and Distributing Services	22,764	12,991	9,773					
2574 Printing, Purchasing and Duplicating Services	10,682			10,622	60			
2623 Evaluation Services	10,000			10,000				
2626 Grant Writing Services	4,805			4,805				
2633 Public Information Services	37,036			37,036				
2640 Personnel Services	423,282	238,192	132,076	14,029	37,794		1,190	
2642 Recruitment and Placement Services	4,620			667			3,953	
2645 Health Services	6,756	1,500	476	1,691	3,088			
2660 Technology Services	437,304	85,503	43,849	83,214	224,438		300	
2669 Other Technology Services	151,491			151,491				
2700 Supplemental Retirement Program	73,126	67,865	5,262					
<b>Total Support Services</b>	<u>13,188,188</u>	<u>6,140,649</u>	<u>3,606,895</u>	<u>1,751,966</u>	<u>1,076,662</u>	<u>330,266</u>	<u>281,750</u>	
<b><u>Enterprise and Community Services</u></b>								
3100 Food Services	4,590				4,590			
3320 Community Recreation Services	30,000			30,000				
3330 Civic Services	389			369	20			
3390 Other Community Services	52,186	24,100	16,823	393	10,868			
<b>Total Enterprise and Community Services</b>	<u>87,164</u>	<u>24,100</u>	<u>16,823</u>	<u>30,762</u>	<u>10,888</u>			
<b><u>Building acquisition and construction</u></b>								
4150 Building Acquisition-Major Add-on	23,516					23,516		
<b>Total Enterprise and Community Services</b>	<u>23,516</u>					<u>23,516</u>		
<b><u>Other Uses</u></b>								
5200 Transfer of Funds	2,659,948							2,659,948
<b>Total Other Uses</b>	<u>2,659,948</u>							<u>2,659,948</u>
<b>Grand Totals</b>	<u>\$ 34,284,077</u>	<u>\$ 17,370,330</u>	<u>\$ 9,414,644</u>	<u>\$ 2,246,583</u>	<u>\$ 1,772,649</u>	<u>\$ 487,678</u>	<u>\$ 327,655</u>	<u>\$ 2,659,948</u>

SCHOOL DISTRICT NO. 509J  
Jefferson County, Oregon

SPECIAL REVENUE FUNDS (200)  
EXPENDITURE SUMMARY

YEAR ENDED JUNE 30, 2017

<u>Instruction</u>	<u>Total</u>	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>
1111 Primary (K-3)	\$ 78,682	\$ 34,557	\$ 16,339	\$ 1,100	\$ 25,965		\$ 720	
1113 Elementary Extra-curricular	5,078	3,667	1,025		386			
1121 Middle/Junior High Programs	4,755	1,521	446		2,788			
1122 Middle/Junior High School Extracurricular	49,623	6,217	1,826	2,197	39,382			
1131 High School Programs	98,161	30,417	24,203	2,627	21,415	19,499		
1132 High School Extra-curricular	372,326	4,628	1,299		329,376	37,023		
1220 Programs for the Students with Mental Disabilities	207,902	107,103	100,798					
1223 Community Transition Center	295,796	60,189	39,527	186,425	9,655			
1229 Behavioral Program	70,811	32,808	38,004					
1250 Less Restrictive Programs for Students with Disabilities	16,690	12,945	3,744					
1260 Treatment and Rehabilitation	108,370			108,370				
1272 Title I-A Grants to LEAs	981,586	648,627	302,075	3,600	24,564		2,720	
1283 District Alternative Education	12,000				12,000			
1291 English Second Language Programs	3,556	3,026	530					
1296 Indian Education	186,626	110,510	63,865	11,635	616			
1460 Special Summer Program	35,049	26,997	8,053					
<b>Total Instruction</b>	<u>2,527,011</u>	<u>1,083,213</u>	<u>601,735</u>	<u>315,954</u>	<u>466,147</u>	<u>56,522</u>	<u>3,440</u>	
<b><u>Support Services</u></b>								
2112 Attendance Services	63,082	46,905	16,177					
2119 Other Attendance and Social Work Services	20,351	13,230	3,909	840	2,372			
2122 Counselor Services	445,627	247,337	120,464	8,357	27,257	42,212		
2150 Speech Pathology & Audiology Services	94,984	49,348	45,636					
2160 Other Student Treatment Services	51,114			51,114				
2211 Service Area Direction	406,775	250,267	119,391	190	36,927			
2240 Instructional Staff Development	357,295	120,909	40,659	163,509	26,450		5,767	
2410 Office of the Principal Services	79,129	56,375	21,926		827			
2552 Student Transportation Services	12,310			12,310				
2690 Other Support Services	99,583						99,583	
<b>Total Support Services</b>	<u>1,630,251</u>	<u>784,373</u>	<u>368,162</u>	<u>236,320</u>	<u>93,833</u>	<u>42,212</u>	<u>105,350</u>	

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**SPECIAL REVENUE FUNDS (200)**  
**EXPENDITURE SUMMARY**

**YEAR ENDED JUNE 30, 2017**

	<u>Total</u>	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>
<b><u>Enterprise and Community Services</u></b>								
3100 Food Services	2,181,825	645,103	506,396	20,259	1,008,482		1,586	
3330 Civil Services	132,919	60,715	38,610	600	32,994			
3390 Other Community Services	35,279	7,581	2,352	1,559	23,787			
3501 Child Care Provider Services	72,884	51,519	20,379		944		43	
<b>Total Enterprise and Community Services</b>	<u>2,422,906</u>	<u>764,917</u>	<u>567,737</u>	<u>22,417</u>	<u>1,066,207</u>		<u>1,629</u>	
 <b>Grand Totals</b>	<u>\$ 6,580,168</u>	<u>\$ 2,632,504</u>	<u>\$ 1,537,634</u>	<u>\$ 574,691</u>	<u>\$ 1,626,186</u>	<u>\$ 98,734</u>	<u>\$ 110,419</u>	<u>\$</u>



**SCHOOL DISTRICT NO. 509J  
Jefferson County, Oregon**

**DEBT SERVICE FUND (300)  
EXPENDITURE SUMMARY**

**YEAR ENDED JUNE 30, 2017**

	<u>Total</u>	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>
<b><u>Other Uses</u></b>								
5110 Debt Service	\$ 3,730,144	\$	\$	\$	\$	\$	\$ 3,730,144	\$
<b>Other Uses</b>	<u>3,730,144</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>3,730,144</u>	<u>          </u>
<b>Grand Totals</b>	<u>\$ 3,730,144</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,730,144</u>	<u>\$</u>

**AUDITORS' COMMENTS AND DISCLOSURES  
REQUIRED BY STATE REGULATIONS**



**INDEPENDENT AUDITORS' REPORT**  
**REQUIRED BY OREGON STATE REGULATIONS**

Board of Directors  
School District 509J  
Jefferson County, Oregon

We have audited the basic financial statements of the School District No. 509J, Jefferson County, Oregon (the District) as of and for the year ended June 30, 2017, and have issued our report thereon dated October 3, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **State school fund factors and calculation.**

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

**OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

We noted certain matters that we have reported to management of the District in a separate letter dated October 3, 2017.

This report is intended solely for the information and use of management, the Board of Directors and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these specified parties.



Brenda Bartlett, CPA  
SGA Certified Public Accountants and Consultants, LLP  
Bend, Oregon

October 3, 2017

**SINGLE AUDIT COMPLIANCE**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
School District No. 509J  
Jefferson County, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of School District No. 509J, Jefferson County, Oregon (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 3, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS* - continued**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain immaterial matters that we have reported to management of the District in a separate letter dated October 3, 2017.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and is not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Brenda Bartlett, CPA  
SGA Certified Public Accountants and Consultants, LLP  
Bend, Oregon

October 3, 2017



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
School District No. 509J  
Jefferson County, Oregon

**Report on Compliance for Each Major Federal Program**

We have audited School District No. 509J, Jefferson County, Oregon (the District's) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with each major federal program. However, our audit does not provide a legal determination on the District's compliance with those requirements.

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2017.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
- continued**

**Report on Internal Control over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control with the types of compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Brenda Bartlett, CPA  
SGA Certified Public Accountants and Consultants, LLP  
Bend, Oregon

October 3, 2017

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2017**

**Section I - Summary of Auditor's Results**

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies? None reported

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

<u>CFDA No(s).</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title IA Grants to States
84.027, 84.173	Special Education Grants to State Cluster

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? Yes

**Section II – Financial Statement Findings**

None reported.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued**

**YEAR ENDED JUNE 30, 2017**

**Section III – Federal Award Findings and Questioned Costs**

None reported.

**Section IV – State Award Findings and Questioned Costs**

None reported.

**JEFFERSON COUNTY SCHOOL DISTRICT 509-J**  
**Jefferson County, Oregon**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2017**

Federal Grantor and Pass Through Agency/Program Title	CFDA Number	Pass Through Agency Number	Federal Expenditures	District Fund
<b><u>DEPARTMENT OF AGRICULTURE</u></b>				
<b>Passed through Oregon Department of Education:</b>				
School Breakfast Program	10.553		\$ 570,019	280
National School Lunch Program	10.555		1,222,284	280
National School Lunch - Commodities	10.555		136,382	280
Summer Food Service Program for Children	10.559		67,596	260
Total National School Lunch Program Cluster			<u>1,996,281</u>	
Child and Adult Care Food Program	10.558		63,427	270
USDA SAE Reallocation	10.560		3,086	
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<u>2,062,794</u>	
<b><u>DEPARTMENT OF DEFENSE</u></b>				
Junior Reserve Officers' Training Corps	12.11JROTC		64,582	100
<b>TOTAL DEPARTMENT OF DEFENSE</b>			<u>64,582</u>	
<b><u>DEPARTMENT OF EDUCATION</u></b>				
Impact Aid	84.041		2,834,071	100
Indian Education Grants to Local Education Agencies	84.060		197,167	205
Indian Demonstration Grant	84.299A	S299A160079	114,488	218
Elementary Counseling Grant	84.215E	S215E150138	309,700	217
<b>Passed through State Department of Education</b>				
Title I Grants to Local Education Agencies	84.010	32604	49,990	203
		35995	92,950	203
		41079	904,496	203
School Improvement Grants		41882	30,502	211
		41876	26,181	211
Total Title I Grants to Local Agencies		(1)	<u>1,104,119</u>	
Special Education - Grants to States	84.027	36881	202,572	213
		38344	1,678	213
		40858	3,384	213
		41535	380,360	213
		41970	900	213
		42668	2,652	213
		42860	270	213
Special Education - Preschool Grant	84.173	37187	10,722	213
Total Special Education Grants to States Cluster		(1)	<u>602,538</u>	

The accompanying Notes to Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**JEFFERSON COUNTY SCHOOL DISTRICT 509-J**  
**Jefferson County, Oregon**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2017**

<b>Federal Grantor and Pass Through Agency/Program Title</b>	<b>CFDA Number</b>	<b>Pass Through Agency Number</b>	<b>Federal Expenditures</b>	<b>District Fund</b>
<b>Passed through State Department of Education (continued)</b>				
Title VI Rural Education	84.358	33851	1,774	258
		37760	471	258
		42548	24,586	258
Title III English Language Acquisition Grant	84.365	32333	36,411	216
		36332	5,383	216
		41768	63,216	216
Title II-A Improving Teacher Quality State Grants	84.367	36192	9,899	261
		41334	111,432	261
Title 1-A School Improvement Grants	84.377	42570	384,860	212
<b>Passed through education service districts</b>				
Education of Migratory Children	84.011		28,200	227
Perkins	84.048		8,957	100
McKinney-Vento Homeless Assistance Act	84.196		<u>11,722</u>	226
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<u>5,848,994</u>	
<b><u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
<b>Passed through Oregon Employment Department</b>				
Child Care and Development Grant Discretionary	93.575		7,667	232
<b>Passed through Oregon Children, Adults and Families</b>				
Social Services Block Grant	93.667		<u>277,403</u>	223
<b>TOTAL DEPT OF HEALTH AND HUMAN SERVICES</b>			<u>285,070</u>	
<b><u>GENERAL SERVICES ADMINISTRATION</u></b>				
Passed through Oregon Employment Department	39.003		<u>9,965</u>	109
<b>TOTAL GENERAL SERVICES ADMINISTRATION</b>			<u>9,965</u>	
<b>TOTALS</b>			<u>\$ 8,271,405</u>	

Passed through to Crook County - \$104,236, Heart of Oregon - \$25,426 and Culver \$29,166.

(1) Tested as a major program

The accompanying Notes to Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO THE SCHEDULE OF**  
**EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2017**

**NOTE 1 – BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the District's financial statements. The District uses the modified accrual basis of accounting. Expenditures represent only the federally funded portions of the program.

**NOTE 2 – FEDERAL INDIRECT COST RATE**

The District elected not to use the 10% de minimus indirect cost rate, but rather uses a rate approved by the Oregon Department of Education each year. For fiscal year 16-17, the rate was 3.12%.

**NOTE 3 – SCHOOLWIDE PROGRAMS**

The District operates a schoolwide program in all of its elementary and middle school buildings. Using federal funding, a schoolwide program is designed to upgrade an entire educational program within a school for all students, rather than limit services to certain targeted students. The following federal program amounts were expended by the District in its schoolwide program: Title IA (84.010), \$1,104,119.

**NOTE 4 – NON-CASH ASSISTANCE**

The value of commodities reported on the schedule was the fair value of commodities received by the District in its National School Lunch Program as calculated by the USDA.